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ABSTRACT

In the 1980s California poverty rates increased dramatically. Poverty rates were substantially higher in rural areas and for Hispanics, Asians, single-parent families, and children. The percentage of the labor force in poverty increased, and poverty rates were exceptionally high for the unemployed and for "discouraged workers." The incidence of rural poverty was highest in the most rural counties and lowest in the rural portions of metropolitan counties. Urban poverty differed from rural poverty in several respects, suggesting the need for differentiated policies and programs. Elderly persons, female-headed families, and Native Americans had higher poverty rates in rural areas than in urban areas, whereas urban poverty was highest among Blacks, Hispanics, and Asians. Rural poverty was highly correlated with work injuries, large-scale agriculture, substandard housing, limited medical attention, and poor education. Food Stamps, Supplemental Security Insurance, and Medi-Cal were more frequently used by the urban poor than the rural poor, while Community Service Block grants and the Women, Infants, and Children program were more frequently used by the rural poor. The research needed to provide a basis for policy decisions about poverty is severely hampered by the lack of updated statistical information on demographic characteristics and service delivery. This report contains 61 references and 37 data tables, maps, and figures. Appendices describe data sources and research methodology, define glossary terms, and include poverty rates for California counties and the transcript of a panel discussion about this report. (SV)

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Working Group on
Farm Labor and Rural Poverty
Working Paper #7
February 1989

CALIFORNIA'S RURAL POOR: TRENDS, CORRELATES, AND POLICIES

Douglas B. Gwynn
Yoshio Kawamura
Edward Dolber-Smith
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DISCUSSION

Moderator : Leo Estrada
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The Working Group on Farm Labor and Rural Poverty was formed in 1987 by professors at various campuses of the University of California in collaboration with the California Institute for Rural Studies, a non-profit research and educational institute located in Davis, California. The Working Group advisory board is composed of eight members from the University of California and nine members from the California community. The Working Group has four main goals: (1) to encourage and support policy-oriented research on rural labor and poverty in California; (2) to bring together academics, activists and policy-makers, both to define the research agenda and to carry on a continuing dialogue over policies; (3) to encourage, fund and assist organizational development and action-oriented research in rural California community groups; (4) to act as a clearinghouse for information on rural labor and poverty in the West. A library and other resources available to the public are maintained at CIRS in Davis.

The Working Group publishes a newsletter, Rural California Report, which is available free of charge, and it has issued the following papers:

Working Paper 1 – Don Villarejo
Farm Restructuring & Employment in California Agriculture

Working Paper 2 – Paul G. Barnett
Survey of Research on the Impacts of Pesticide on
Agricultural Workers and the Rural Environment

Working Paper 3 – Michael Kearney & Carol Nagengast
Anthropological Perspectives on Transnational Communities
in Rural California
J. Edward Taylor
Illegal Immigrants, California Agriculture and the Mexican Economy

Working Paper 4 – Philip L. Martin
The California Farm Labor Market

Working Paper 5 – Miriam J. Wells & Martha S. West
Regulation of the Farm Labor Market: An Assessment
of Farm Worker Protections Under California's
Agricultural Labor Relations Act

Working Paper 6 – Susan Peck
California Farmworker Housing

Working Paper 7 – Douglas B. Gwynn, Yoshio Kawamura,
Edward Dolber-Smith & Refugio I. Rochin
California's Rural Poor: Trends, Correlates, and Policies

Working Paper 8 – Paula Cruz Takash & Joaquin Avila
Latino Political Participation in Rural California

These papers and the accompanying commentary were presented at a research review conference held at Fresno City College, Fresno, California, May 7, 1988. The support of the Ford Foundation, the Rosenberg Foundation, and the Division of Agriculture and Natural Resources of the University of California is gratefully acknowledged.

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June 7, 1989

California is facing incredible challenges. Since 1979, our population has grown from about 20 million to 28.5 million. By the year 2010 there will be 33 million people and our population will reflect a "majority of minorities."

Regrettably, our history tells us that we have been unsuccessful at providing equal economic opportunities for our growing minority population. The disproportionately higher incidence of poverty among rural Californians and ethnic minorities is an alarming trend of concern to all of us who care about equality of opportunity and maintaining the quality of life we have come to expect.

The persistent growth of poverty in California is an issue that we cannot afford to overlook. As the gap between the haves and have-nots continues to grow in our society we must look carefully at several questions: What are the causes of poverty? Who does it affect? Why does it persist? And, what are the solutions to end poverty?

Clearly, there are no simple answers to any of these questions. But, behind the grim statistics, the clinical definitions, and the demographic maps are real people --men, women, and children who are caught in the hopeless cycle of poverty. We must remember that the fate of our neighbor could just as easily be our own. Poverty will not be solved by simplistic ideas, but out of common concern for each other. If we are to create a better future for those that follow us, it is imperative that we work together in expanding economic opportunities for all our citizens. If we fail to meet the challenge, the results will be a dramatic decline in the standard of living for all Californians.

The following pages outline the frightening trends of rural poverty and examines the scope of the problem before us. The result should be the beginning of new efforts to develop strategies and solutions to the worsening conditions of poverty. It is our responsibility as Californians to recognize the causes, trends, and possible solutions to poverty so that we can create momentum for action.

The challenge before us requires understanding, compassion, concern, commitment, and above all, action. This report offers an overview of the problems of rural poverty and an outline for some solutions. These ideas must now be brought before a wider audience and carried forward. I encourage your involvement in meeting this challenge.

Sincerely,

John Garamendi

John Garamendi

JG:lsz

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EXECUTIVE SUMMARY

Trends in the 1980s

The trends examined in the following are derived from Current Population Tapes of the Census Bureau. The data comes from annual survey samples which are heavily weighted toward the metropolitan statistical areas (MSAs) and toward larger populated states like California.

A. Regardless of the definition used to measure poverty, it has increased in the U.S. during the 1980s. Moreover, in California, the incidence of poverty has increased dramatically. Using official definitions, in 1981, 2.8 million persons, or 11.7 percent of the state's population, were in poverty. In 1986, the population in poverty reached 3.9 million persons or 14.9 percent. In 1987, there were 3.7 million persons or 13.8 percent of the population in poverty.

B. The percentage of families in poverty has also grown. In 1987, there were 616,000 families in poverty in California, representing an approximate increase of 100,000 poor families since 1981, i.e. an approximate increase of 16,000 poor families per year. In 1987, 9.6 percent of all families lived in poverty. The rate of poverty was also substantially higher in rural areas (12.2%) than in urban areas (9.5%) in 1987.

C. Hispanics had the highest poverty ratio in any given year between 1981 and 1987. The poverty growth rate of whites has followed the trend shown by the general population in poverty. The incidence of poverty appears to be extremely high for Hispanics and Asians in rural areas, but the statistics may be unreliable at this time.

D. There has been a consistently higher incidence of female-headed families in poverty. But the poverty rate for both single parent female- and male-headed families in rural areas is exceedingly high, i.e. over 40 percent are poor.

E. Since 1981, the percentage of persons in poverty has increased for each age group measured except for persons 65 and over, for which it has remained about the same. In the past six years, the percentage of children under 16 in poverty in California has increased from 18.9 percent in 1981 to 23.2 percent in 1987. In absolute numbers, this represents an additional 437,000 children in poverty since 1981; in other words, an average of nearly 73,000 children have been added to poverty each year since 1981.

F. The number and percent of the labor force in poverty in California has increased at a steady rate since 1981, going from 7.1 percent of the labor force in 1981 to 9.0 percent in 1987. In absolute numbers, they have increased from 871,000 to about 1.3 million. These numbers are equivalent to 31.3 percent of the total number of persons in poverty in 1981 and 34.7 percent in 1987. The poverty rates are exceptionally high for unemployed workers seeking employment and for "discouraged" workers.

G. While sub-employment and unemployment constitute a direct and increasingly serious threat to family earnings, there are indirect effects as well. As sub- and unemployment rates have risen, so have the number of discouraged workers who are poor. Faced with one employment rejection after another and the accompanying erosion of self-confidence, their efforts to secure employment may have become frustrated.

California Rural Poverty in 1980

This part of the report is based upon 1980 Census tapes and focuses on California's counties.

A. Because the Census classifies metropolitan areas as geographic regions containing 50,000 or more residents, and because a standard metropolitan statistical area (SMSA) can cover more than one county (e.g. Sacramento's SMSA covers Yolo, Placer, and Sacramento counties), most poverty is concentrated in the state's SMSAs. Over nine out of ten poor in California live in such metropolitan ("urban") areas.

B. All of California's counties and SMSAs have rural populations, according to the dicennial census, except San Francisco. Six counties have no urban population: Alpine, Amador, Calaveras, Mariposa, and Sierra. The average California county has 10.7 percent of persons in poverty in urban areas and 11.0 percent in rural areas.

C. The poverty rate of the rural population in SMSA counties was generally lower (9.8%) than that of non-SMSA counties (12.2%). Thus, the incidence of rural poverty is relatively highest in rural counties and in SMSAs with high fractions of rural population.

D. As the size of population increases in a California county, the proportion of rural people in the county declines. Similarly, the percent of rural poverty decreases as the county's population increases. On the other hand, the percent of urban poor increases with increases in county population. In general, the rural poverty rate in MSA counties was lower than that in non-MSA counties. Furthermore, the data suggest that urban and rural poverty are different phenomena and must be analyzed as such.

E. Urban poverty tends to differ from rural poverty in several respects. After factoring 13 characteristics of the population in poverty in California, we found that:

> 1. Urban poverty is relatively highest among blacks, Hispanics, and Asians. In sharp contrast, the racial minority group with the highest incidence of rural poverty is Native Americans. Rural poverty in California is also characterized by high absolute numbers of white non-Hispanics and Hispanics.
>
> 2. The elderly and female-headed families have a higher incidence of poverty in rural areas compared to urban areas.
>
> 3. The findings of 1. and 2. imply the need for different policies and programs for groups in rural vs. urban poverty.

F. The following social services or programs are more apt to be found in areas of urban poverty than in rural areas: Food Stamps, Supplemental Security Insurance (SSI), and Medi-Cal. The following services or programs are more highly correlated with rural poverty: Community Service Block Grants and the Women, Infants, and Children (WIC) program. Aid to Families with Dependent Children (AFDC) was about equally likely to be found in both areas.

Policies and Research Necessary to Fight Poverty and Inequality

A. Studies which measure the socio-economic conditions of urban and rural areas are important in assessing the need for continued public programs to assist rural areas. Rural poverty is highly correlated with work injuries, large-scale agriculture, substandard housing, limited medical attention, and poor education. Rural poor appear to be underserved by Food Stamps, AFDC, SSI, and Medi-Cal. The "safety net" for basic needs is not secure in rural California.

B. There is a need to continue to collect updated statistical information on particular segments of the population and geographic areas where trends indicated a disproportionately higher incidence of poverty. In California, special attention must be paid to rural counties with low population density, Hispanics in poverty, children in poverty, and single parent female-headed households in poverty. Causal studies need to be targeted to each of these groups.

C. There is a need to determine the impact of state-administered programs to help maximize resources. The question of whether resources are going to the areas with the greatest absolute needs has not been answered. Hundreds of agencies receive funding, but there is no adequate base of primary data on the demographic characteristics of the populations actually being served, or even the number of different types of service units being delivered. A centralized system to facilitate the compilation, accuracy and storage of data on this needs to be created.

D. There is a need to develop updated longitudinal profiles on the range, number, and types of services and client characteristics served by community based organizations (CBOs). These should be stored in a computerized databank under the control of an independent umbrella organization representing these organizations. The CBOs would be able to access this data which, combined with secondary data on the characteristics of poverty in their areas, would allow for greater efficiency and program planning in coordination with other CBOs.

E. Most important, what has caused the increase in poverty and inequality in California over the past decade? This is the most difficult question of all. Depending upon the group affected, the determinants may vary. This is the problem that deserves first consideration in ranking the importance of policies and research needed.

CALIFORNIA'S RURAL POOR: TRENDS, CORRELATES, AND POLICIES

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I. INTRODUCTION

This paper addresses seven interrelated questions. First, how do California's recent poverty rates compare with the nation's overall? Second, what has been the longitudinal trend of rural poverty in California during the 1980s? Third, what is the geographic distribution of rural and urban poverty in California? Fourth, what are the unique characteristics of rural poverty that distinguish it from urban poverty in California? Fifth, how does rural poverty differ from urban poverty in its association with social problems such as unemployment, substandard housing, low birth weight of infants, and unnecessary deaths? Sixth, is the delivery of social services associated with levels of rural and urban poverty? Finally, what types of applied research on rural poverty are needed to increase the effectiveness of policy decisions and program resource management?

Beginning in the late 1970s the proportion of persons in poverty substantially increased. A national study by the Center on Budget and Policy Priorities (1985) showed that the gap between upper and lower income families is now wider than at any time since the Census Bureau began collecting such data in 1947. The Joint Economic Committee of the Congress found that from 1979 to 1984, after adjusting for inflation, average family income for the poorest fifth of all families plunged 23.8 percent (Center on Budget and Policy Priorities, 1985). The proportion of the poor whose incomes fall below 50 percent of the poverty level (the poorest of the poor) has been increasing. The proportion of families with real incomes (i.e., income adjusted for inflation) below $5,000 per year, a level far below half the poverty line, increased 39 percent between 1978 and 1985. In California not only has there been an increase in poverty and inequality, but the characteristics of the population in poverty have changed since 1980. Because of these changes it is important to describe and track the California poor, despite the lack of high quality data.

California is largely an urban state. Of the estimated 3.7 million poor people in 1987, only 4.8 percent were in non-SMSAs (Standard Metropolitan Statistical Areas) as opposed to SMSA areas. In the United States overall, however, poverty tends to be more evenly distributed between rural and urban regions. For example, in 1983, 38.2 percent of the 35.3 million Americans in poverty lived in rural areas, while 36.5 percent lived in central cities (Gwynn, Dolber-Smith and Dunford, 1986). The balance of poor lived in suburban areas. Although the overwhelming majority of California poor live in urban as opposed to rural areas, rural poverty appears to be increasing at a higher rate. Thus, it is important to understand the characteristics of the rural poor and how they differ from the urban poor.[1]

II. RURAL POVERTY WITHIN THE NATIONAL CONTEXT

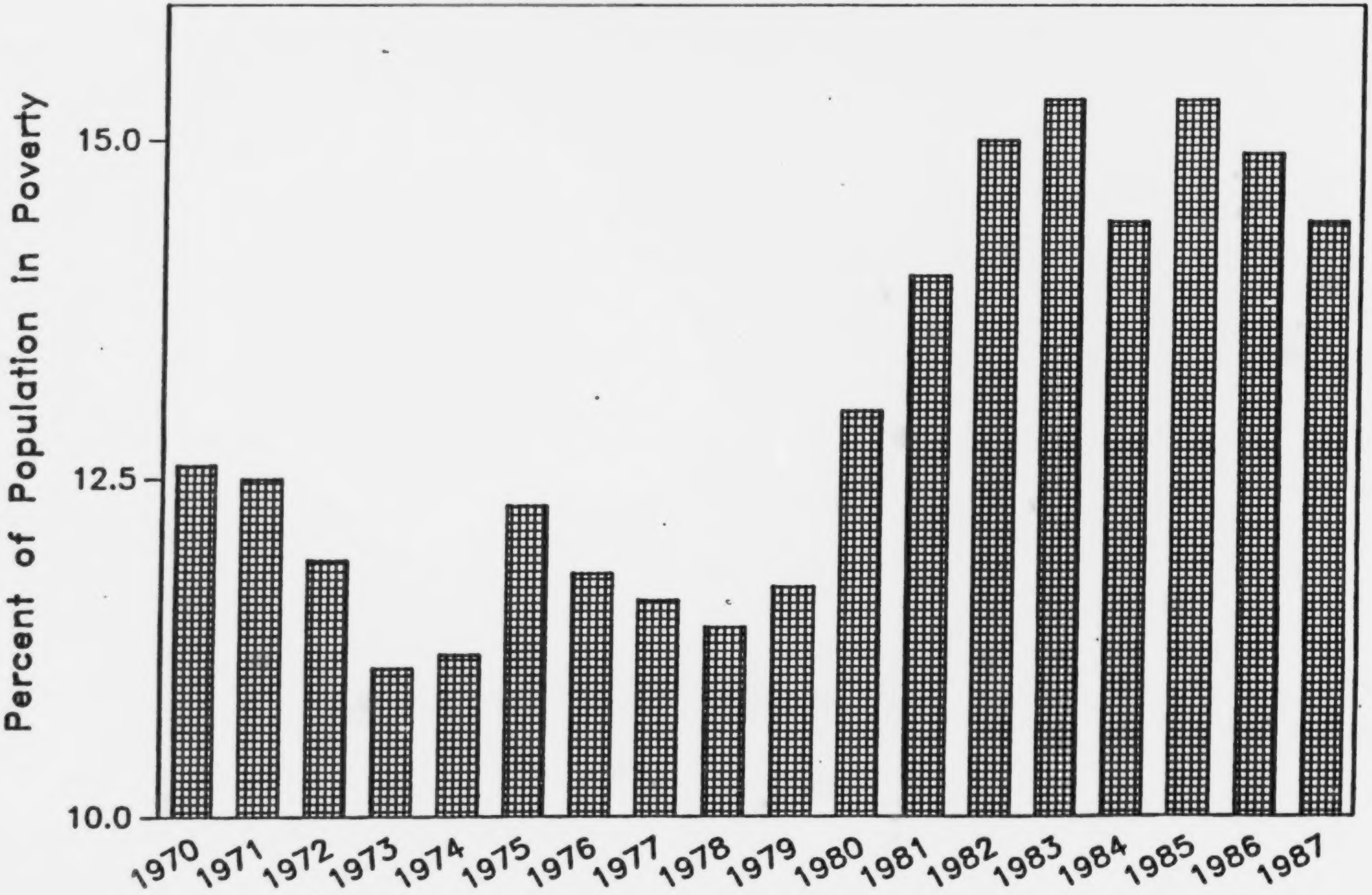
An Overview of the Trend in Poverty

There was a dramatic decline in U.S. poverty[2] in the 1960s. In 1960, 22.2 percent of all persons in the United States were in poverty, while ten years later only 12.6 percent of the population was in poverty. It remained relatively low throughout the 1970s, reaching an all time low of only 11.1 percent in 1973 (see Figure 1).

History may record the reversal of this trend in the 1980s as a tragedy for America. The extent of this problem is shown by the data illustrated in Figure 1 showing the proportion of the U.S.

Figure 1: Poverty in America

(1970 to 1987)



population with cash income insufficient to meet minimal basic needs. Between 1981 and 1987 this ranged from a low of 13.5 percent in 1981 to a high of 15.9 percent in 1983, with the rate for 1987 being 14.4 percent.[3] There were approximately 30.5 million Americans in poverty in 1981, 36.4 million in 1983 and 34.5 million in poverty in 1987. There were an additional four million persons in poverty throughout the six years from 1982 to 1987, compared with 1981.

Data for California show a similar trend. Although California has had a smaller percentage of its population in poverty than the United States overall, the gap between California and the nation is narrowing. While the difference in percentage of persons in poverty was 1.8 percent in 1981, it has declined to 0.6 percent in 1987. In 1981 there were 2.8 million (11.7%) Californians in poverty while in 1987 this number increased to 3.7 million (13.8%). The fact that California has been losing not only its educational and technological edge in this decade, but also its quality-of-life edge can be explained through a nation-wide comparison of rural and urban poverty.

A Cross-Sectional National Comparison of Rural and Urban Poverty

Rural poverty rates have been consistently higher than urban poverty rates in this century (Jensen and Tienda, 1987). "In 1985, the nonmetro poverty rate was 18.3 percent compared with a 12.7 percent metro rate...While poverty rates declined during the mid-1970's, both metro and nonmetro rates have risen since the 1979-82 recession and were substantially higher in 1985 than a decade before" (Brown and Deavers, 1987:6).

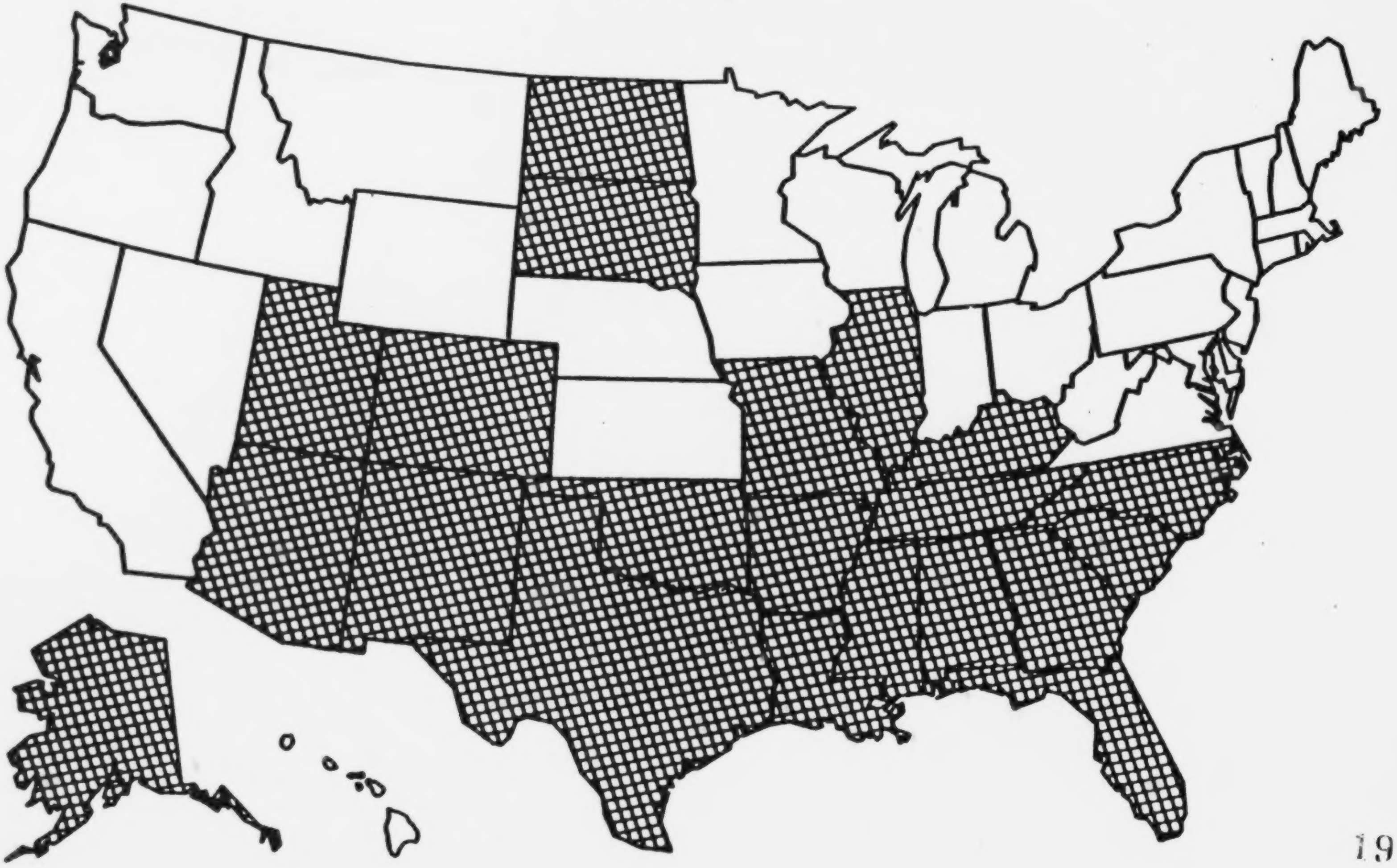
Jensen and Tienda (1987:13-14) found that the declines in relative poverty during the 1960's were much greater in nonmetro areas than in metro areas despite the consistently higher nonmetro poverty rates. They state that "...among nonmetro families, all groups except blacks show decreasing ratios over time -- suggesting a lessened concentration at the bottom and lessened inequality in nonmetro areas over time. Two groups, both metro minorities, showed increasing concentration in the poorest groups over time, black and Mexican headed families. This evidence is consistent with the claim made by Wilson (1985; 1987) that the concentration of poverty has resulted in the bifurcation of urban minority groups."

A recent study of poverty in U.S. counties by the Meals for Millions Foundation (Gwynn, Dolber-Smith and Dunford, 1986) showed that rural and urban poverty have distinctive origins. This can be seen by comparing Map 1 showing the states with the 220 counties with the highest poverty, and Map 2 showing the states with the 30 urban counties with the highest poverty. The 220 counties with the highest poverty belong disproportionately to Southern states with rural-based economies. The rural counties with the highest poverty are in states with a long history of poverty (Morrissey, 1986). In contrast, the urban counties with the highest poverty illustrate an industrial "rust belt" which may be synonymous with the decline of certain types of traditional industries: automotive, steel, and other heavy industry.

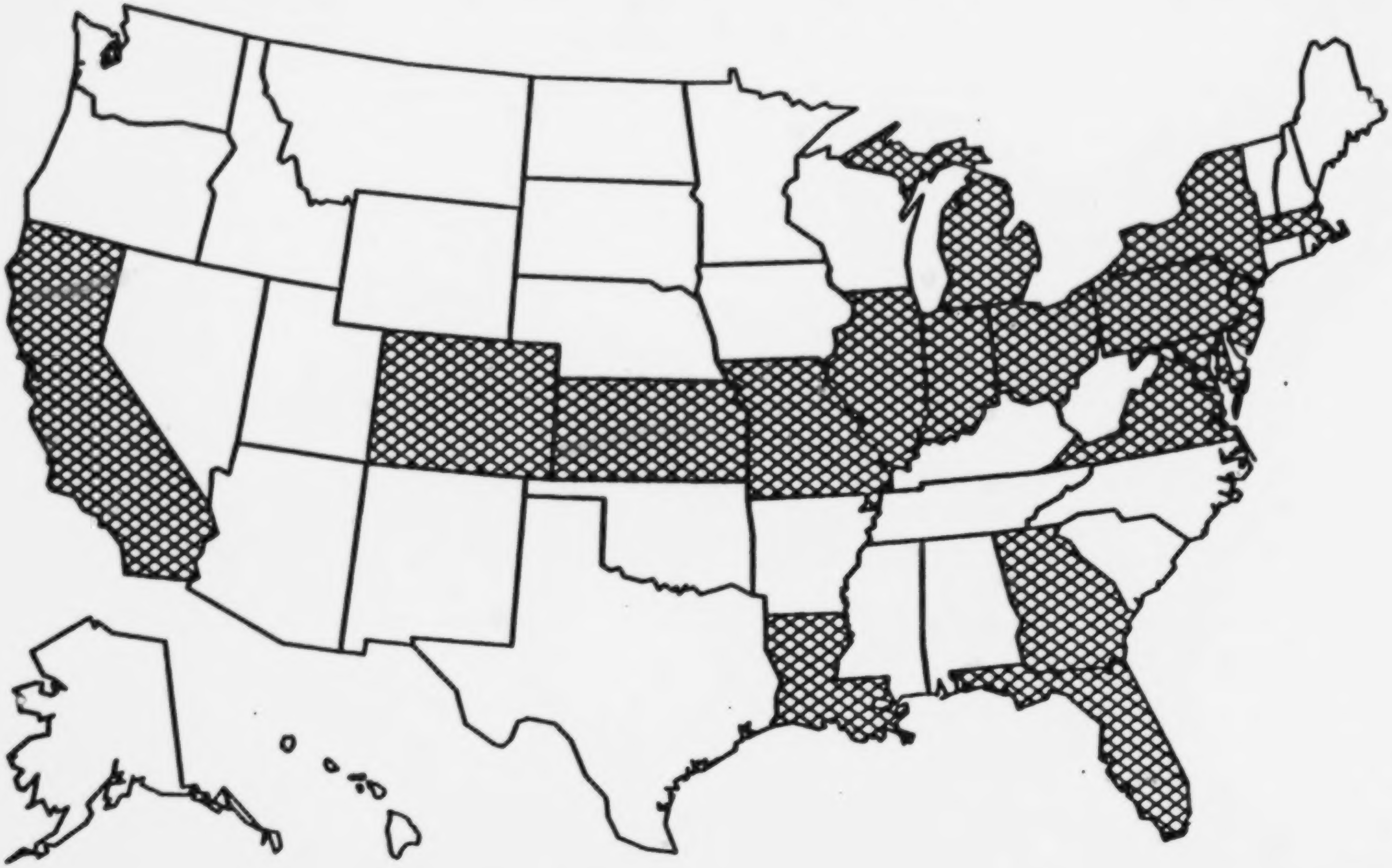
States with the largest increases in poverty have been those dependent on heavy industry as shown in Map 3. The more rapid increase of poverty in the urban areas of the North compared to the rural areas of the South can, at least partially, be attributed to the economic decline of the industrial "rust belt" and economic expansion in the southern "sun belt." A rural/urban differential access to welfare and social benefit programs may be another important factor in the higher ratio of increases in poverty in urban areas. Urban areas are better served by social programs. The first half of the 1980s has been a time of severe cutbacks in social welfare programs. Those areas of greater dependence upon these programs would show greater

Map 1: States with 220 Highest Poverty Counties

(1980)



Map 2: States with 30 Highest Poverty Urban Counties With a Population Over 100,000 Persons in 1980



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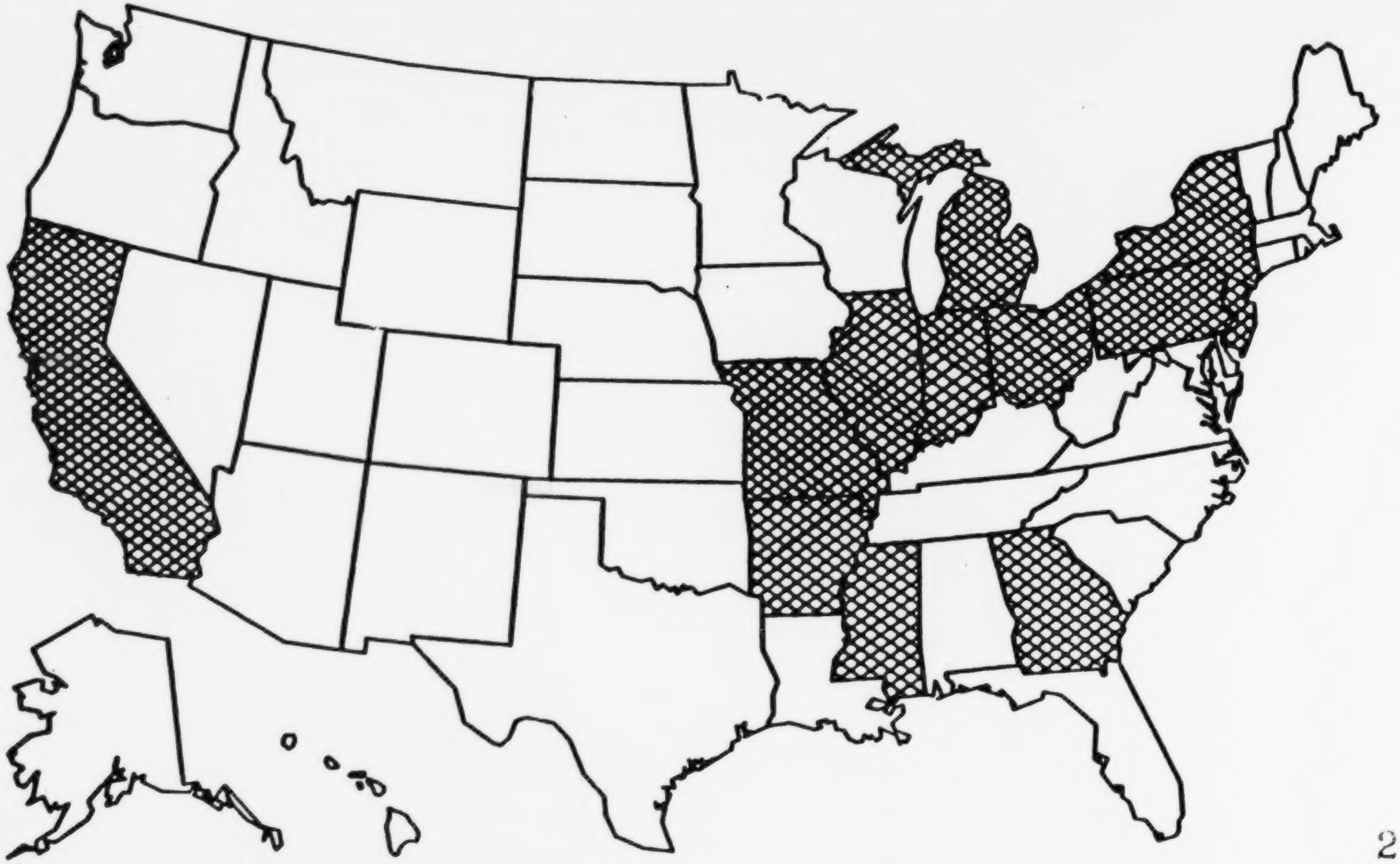
Map 3: States with the Highest Increases in Poverty

(1980 to 1984)



change in increasing poverty rates. This could in part explain why California, a largely urban state, is among those states that have experienced the highest increases in poverty.

Poverty in the Nation's Key Bellwether State

When John Naisbeth wrote his national best seller, Megatrends, he chose California as his key indicator, or bellwether state. Megatrends presented America's shift from an industrial economy to a service and information-based economy in a positive mood of unlimited opportunity that corresponded with the Reagan years of the early 1980's. It was a time when inflation was down, the 1982 recession had not yet hit, the stock market had not suffered a series of devastating crashes, and statistics from the end of the 1970's indicated the lowest levels of poverty in our nation's history. It is appropriate that as the end of the 1980's approach the national best seller is The Rise and Fall of the Great Powers by Paul Kennedy (1988). Kennedy's book argues that America has failed to achieve the proper balance between military and overseas expenditures, and the demands of a maturing economy. If America is in decline, California may already be proving to be a useful bellwether state.

Californians are familiar with a number of negative indices indicating that "all is not right" with the economy. The social infrastructure is declining, as witnessed by deteriorating roads and declining support for education and social services. California, which had previously been the nation's top technological state, recently lost a series of major research projects to more competitive states. Examination of Maps 2 and 3 shows that California is among those states with counties having the highest rates of urban poverty in the nation, and where poverty has had the largest percentage increase since the beginning of this decade. It is not surprising that while California previously had a lower rate of poverty than the nation overall, it has now largely lost this quality-of-life advantage.

III. TRENDS IN RURAL AND URBAN POVERTY IN CALIFORNIA: 1981-1987

The descriptive statistics in this section describe the poverty trends in California during the time period of the Reagan administration, and changes during this time in the characteristics of those in poverty. Using the Annual Demographic File of the Current Population Survey, it is possible to make fairly accurate estimates up to the year 1987 for the state of California and its major SMSA's as well as estimates on non-SMSA's which are roughly equivalent to the rural sector. It is important to recognize that for certain sub-populations, the Current Population Survey is limited in its reliability given the small sample it is based on, but currently there is no other way available to estimate changes in poverty in rural California since 1980.

Changes in the Number and Percent of Californians in Poverty Since 1981

As shown in Table 1, the number and percent of persons in poverty in California has substantially increased since 1981. In 1981, 2.8 million persons or 11.7 percent of the population of California were in poverty. Two years later, 3.7 million Californians, or 14.8 percent of the population were in poverty, and in 1986 the population in poverty reached 3.9 million persons or 14.6 percent. In 1987, there were 3.7 million persons or 13.8 percent of the population in poverty.

In 1981, 93 percent of California's population were living in SMSAs, which approximates the urban sector, while 7 percent were living in the more rural areas or non-SMSA's. Because of this distribution, 92 percent of the total number of persons in poverty lived in SMSA's as shown in Figure 2. In 1987, 97 percent of California's population was living in SMSA's. Of the total number of persons in poverty, 95 percent were living in SMSAs, while only 5 percent were living in non-SMSAs in 1987.

However, as shown in Figure 3, it has been in the rural (non-SMSA) sector that the highest rates of increase in poverty have occurred since 1981. In 1981, 13.4 percent of the rural population was in poverty while in 1986, 22.1 percent were in poverty. In 1987 there were 18.9 percent in poverty. The urban sector as represented by SMSAs increased from 11.6 percent in 1981 to 14.3 percent in both 1983 and 1986, and to 13.6 percent in 1987. The poverty ratio gap between rural and urban areas has increased from 1.8 percent in 1981 to over 5 percent in every year measured in this analysis from 1983 to 1987. This unprecedented increase in rural poverty supports the research findings described in the previous section showing the distinctly different characteristics of rural poverty and the difficulty the rural sector has in adjusting to the country's current economic changes.

The changes in percentage of families in poverty parallels the changes in individuals in poverty between 1981 and 1987 (see Table 2). In 1987 there were 616,000 families in poverty in California, representing an approximate increase of 100,000 poor families since 1981. In 1987, 9.6 percent of all families live in poverty. The rate of poverty was also substantially higher in rural areas (12.2%) than in urban areas (9.5%).

Changes in Poverty Composition by Race and Ethnicity since 1981

Table 3 shows the estimated percent of Californians in poverty by race and ethnicity. Hispanics[4] had the highest poverty ratio in any given year between 1981 and 1987. A substantial increase of Hispanics in poverty has occurred in this decade, making Hispanics the ethnic minority group in which poverty has increased to the greatest extent in California. The poverty growth rate of whites has followed the trend shown by the general population in poverty with increases between 1981 and 1987. Two groups that are examined in depth in this report are the rural white poor and the Hispanic poor. This is because the majority of poor in rural areas are white, and poverty has increased fastest among Hispanics than any other ethnic group in the past eight years.

The Population Research Unit of the Department of Finance for the State of California (1988) has projected that by the year 2020, the Hispanic population will number 14,948,300, only 7 percent less than the white non-Hispanic population at that time. If the rate of poverty among Hispanics remains constant, at about 25 percent (the lowest poverty ratio since 1981), it will mean that 3.7 million Hispanics will be in poverty by the year 2020. This is exactly equivalent to the total number of persons currently in poverty in California. Holding the rate of poverty (at 1986 levels)[5] constant for each ethnic/racial group would result in an 18.1 percent poverty level. This translates to 7.2 million Californians in poverty in 2020, double the current number of persons in poverty.

White Poverty. For the white population the conditions of poverty in California have actually become worse than the national average for the first time since this data has been collected. Nationwide, the absolute number of poor whites increased only 14.0 percent in the seven year

Table 1

Changes in the Number and Percent of Californians in Poverty Between the Rural and Urban Sectors (1981-1987)

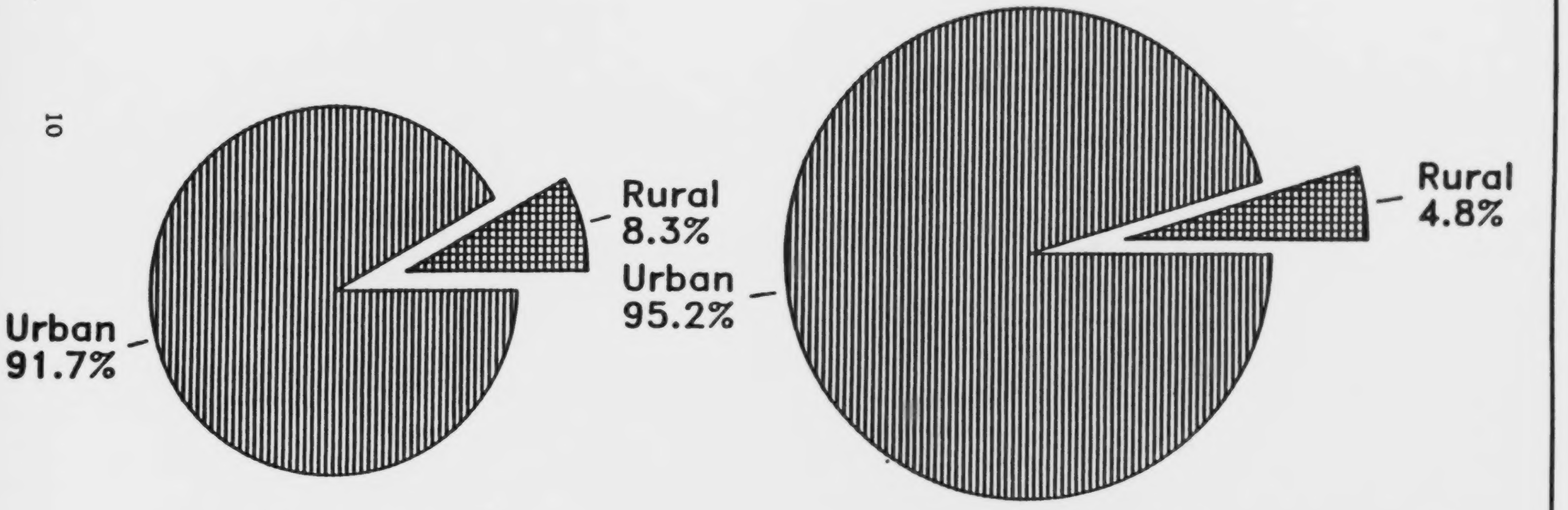
	1981	1983	1985	1986	1987
Thousands of persons in poverty	2,788	3,656	3,607	3,857	3,740
Percent of persons in poverty	11.7	14.8	14.1	14.6	13.8
Percent of persons in poverty in SMSAs	11.6	14.3	13.5	14.3	13.6
Percent of persons in poverty in Non-SMSAs	13.4	21.7	20.4	22.1	18.9

*Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research,1988

Figure 2: Rural and Urban Poverty in California

(Comparison between 1981 and 1987)



1981 (2.8 million)

1987 (3.7 million)

Figure 3: Rural and Urban Poverty in California

(1981 to 1987)

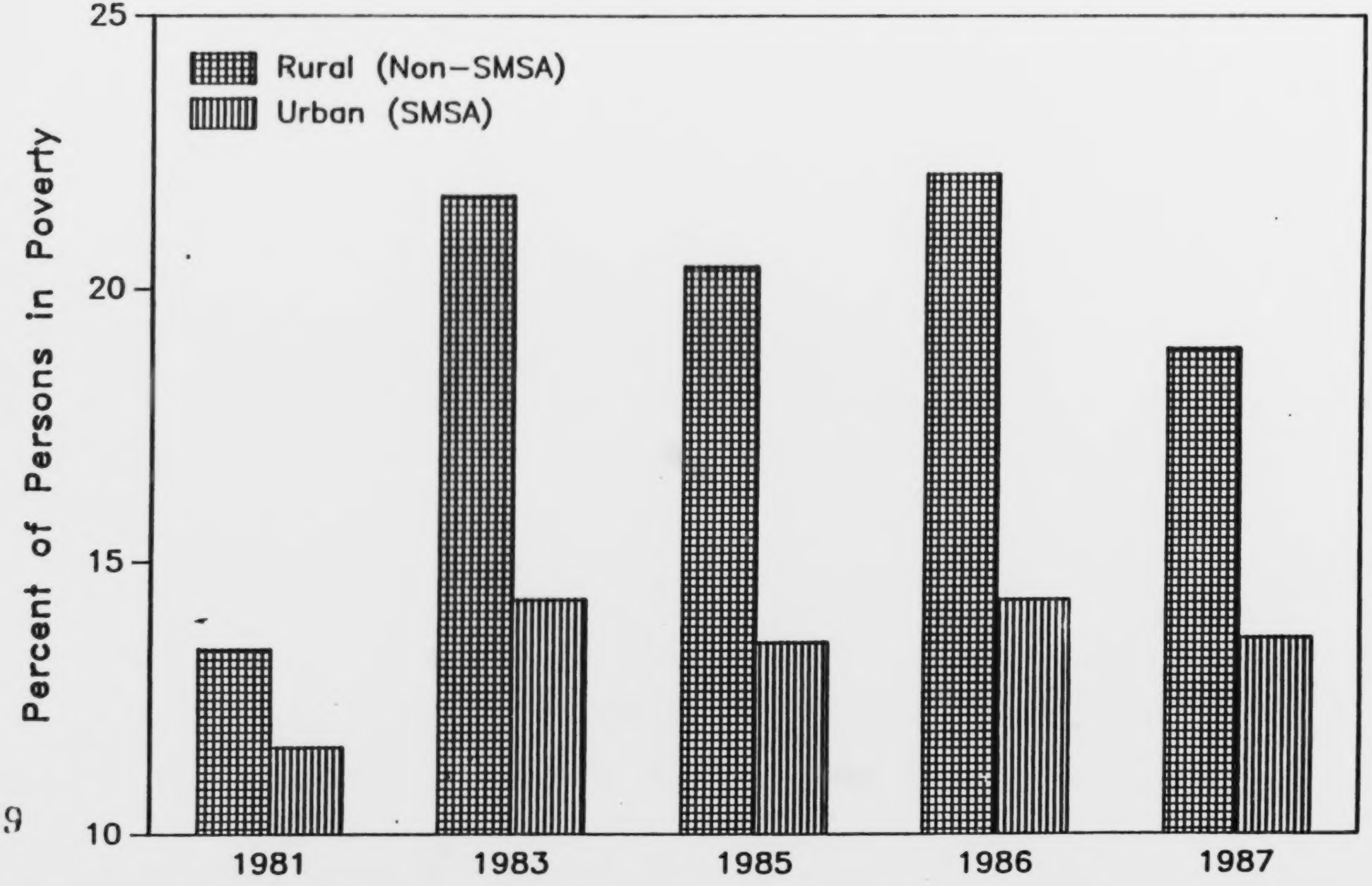


Table 2

Changes in the Number and Percent of Families in Poverty Between the Rural and Urban Sectors in California (1981-1987)

	1981	1983	1985	1986	1987
Thousands of families in poverty	515	741	663	734	661
Percent of families in poverty	8.5	11.8	10.4	11.0	9.6
Percent of urban families in poverty	8.4	11.3	9.8	10.6	9.5
Percent of rural families in poverty	9.2	17.5	17	20.5	12.2

*Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research, 1988.

Table 3

Changes in Poverty Composition by Raçe and Ethnicity Between the Rural and Urban Sectors in California (1981-1987)

	1981	1983	1985	1986	1987
California					
Percent of Whites in poverty*	10.3	13.8	12.5	13.7	13.0
Percent of Blacks in poverty**	19.5	25.4	26.2	21.6	18.7
Percent of Hispanics in poverty†	21.9	27.9	25.7	28.2	25.2
Percent of Asians and others in poverty	19.1	14.7	19.5	17.2	17.3
SMSAs -Urban					
Percent of Whites in poverty	10.0	13.0	11.9	13.3	12.8
Percent of Blacks in poverty	19.4	25.6	26.6	21.9	18.8
Percent of Hispanics in poverty	22.2	28.0	25.4	27.8	25.0
Percent of Asians and others in poverty	19.8	13.9	18.4	17.3	16.7
Non-SMSAs - Rural					
Percent of Whites in poverty	13.7	21.1	19.3	23.2	17.6
Percent of Blacks in poverty	(21.8)††	(16.2)	(14.3)	(0.0)	(0.0)
Percent of Hispanics in poverty	20.3	27.2	32.4	(50.6)	(45.6)
Percent of Asians and others in poverty	(4.8)	(43.3)	(48.6)	(0.0)	(55.3)

*Including White Hispanics.

**Including Black Hispanics.

†Hispanics is not mutual exclusive to the other three ethnic categories while the other three are mutally exclusive.

††( ) indicates unreliable data due to a small sample size.

§Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research, 1988

period between 1981 and 1987, but it increased 44.9 percent in California. The poverty ratio of whites increased from 10.3 percent in 1981 to 13.0 percent in 1987 in California compared with the nationwide increase of 10.7 percent to only 11.6 percent during these same years. In California urban areas, white poverty increased from 10.0 percent in 1981 to 12.8 percent in 1987; in rural areas, where the majority of the poor are white, it increased from 13.7 percent to 17.6 percent, indicating the relative lack of opportunities for those in the rural sector of California's economy. This decline of opportunities is linked to the depression of the timber industry as well as the depression in certain industries that had previously expanded in these areas in the 1970s (Brown and Deavers, 1987).

Hispanic Poverty. As shown in Figure 4, the growth of Hispanic poverty in California has been dramatic. There are several reasons for this increase. First there is the absolute magnitude of the growth rate. In 1981 there were approximately 900,000 Hispanics in poverty in California. In 1987 this number had grown to an estimated 1,576,000, representing a 77.9 percent increase in absolute numbers of poor Hispanics in only six years. Because of the growth rate of the Hispanic population and its high incidence of poverty, the percent of poor Hispanics has risen to surpass blacks in poverty in California, and now numerically equals poverty among non-Hispanic whites, despite the much higher base population of non-Hispanic whites (Department of Economic Opportunity, 1986).

As shown in Table 3, Hispanics had the highest poverty ratio in any given year between 1981 and 1987. In 1981, 21.9 percent of Hispanics were in poverty in California while the poverty ratio of whites (including white Hispanic) was 10.3 percent. Since 1983, the poverty ratio of Hispanics was consistently over 25 percent, demonstrating that substantial increases in Hispanic poverty have occurred in this decade. In 1981, 30.9 percent of the total number of persons in poverty in California were Hispanic, while only 17.0 percent of the total population were Hispanics. Because of migration and a high birth rate, the percentage of Hispanics in the total population increased to 23.0 percent in 1987. However, the percentage of Hispanics in poverty increased even more dramatically to 42.1 percent of the total number of persons in poverty in California in 1987. This indicates that Hispanics had the greatest percentage increase in poverty among the ethnic minority groups measured in the CPS survey.

The increase in percentage of Hispanics in poverty in rural areas has been especially striking as seen in Figure 5. In 1981 the percentage of Hispanics in rural areas living in poverty, 20.3 percent, was actually less than the percentage of urban Hispanics in poverty, 22.2 percent. However, the poverty rate for Hispanics in rural areas increased to 32.4 percent by 1985, while the poverty rate in urban areas increased to 25.4 percent during the same years. Although reliable estimates based on the CPS survey after 1986 were not available due to a smaller sample size for rural areas, other available information suggests a significant increase in the poverty ratio for Hispanics in rural areas since 1986.

Changes in Poverty Composition by Sex and Race/Ethnicity

In addition to Hispanics, female-headed families are a group especially associated with poverty in California. As shown in Figure 6, there has been a consistently much higher ratio of female as opposed to male-headed families in poverty. This is due to at least three factors. Females suffer from discrimination in terms of job availability and wage rates, are less likely to have certain skills that are linked to higher paying jobs, and are more likely to have dependent children. Table 4 and Figure 7 show female-headed families in poverty by race/ethnicity. Approximately 15

Figure 4: California Hispanics in Poverty

(1981 to 1987)

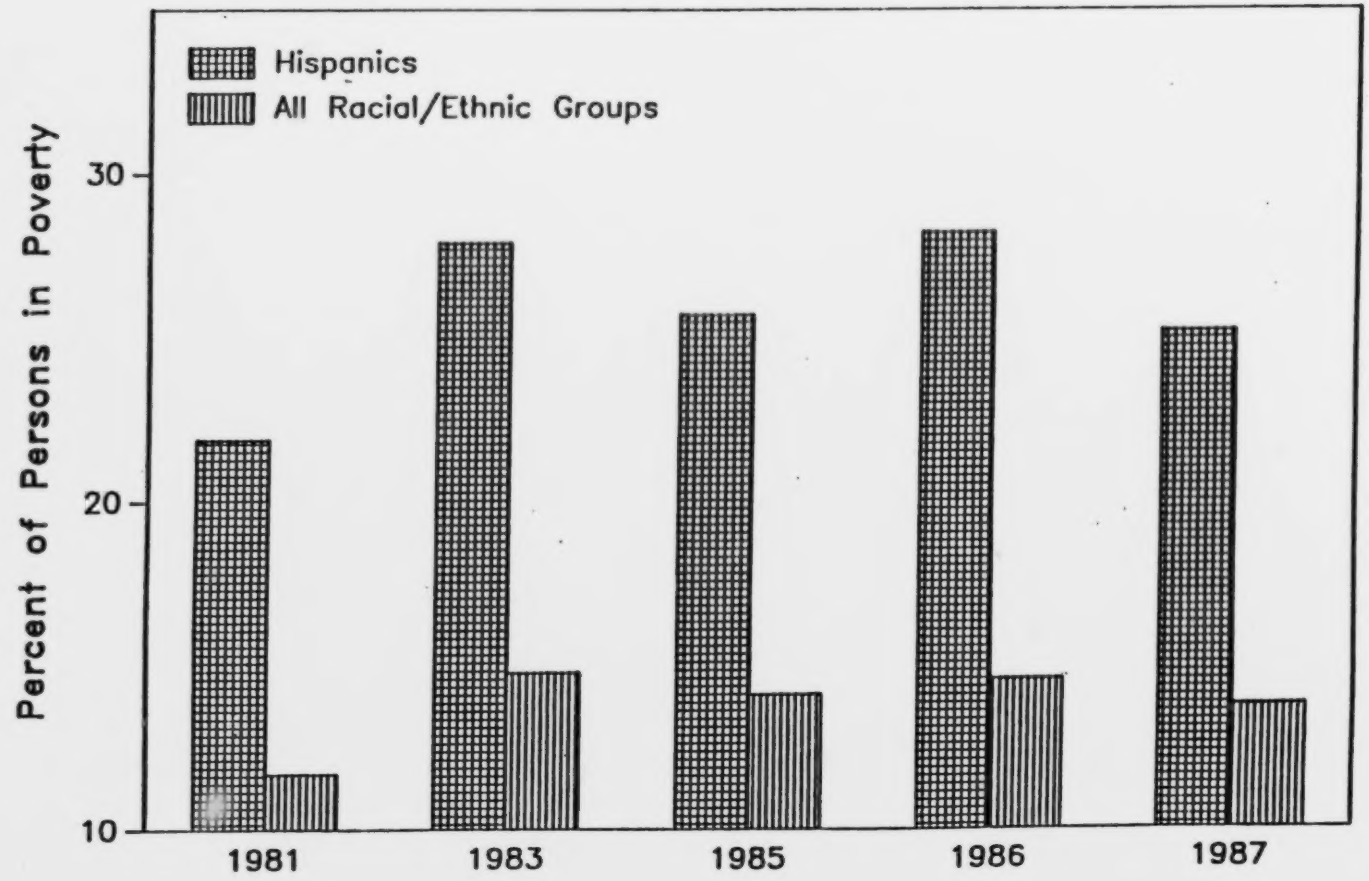
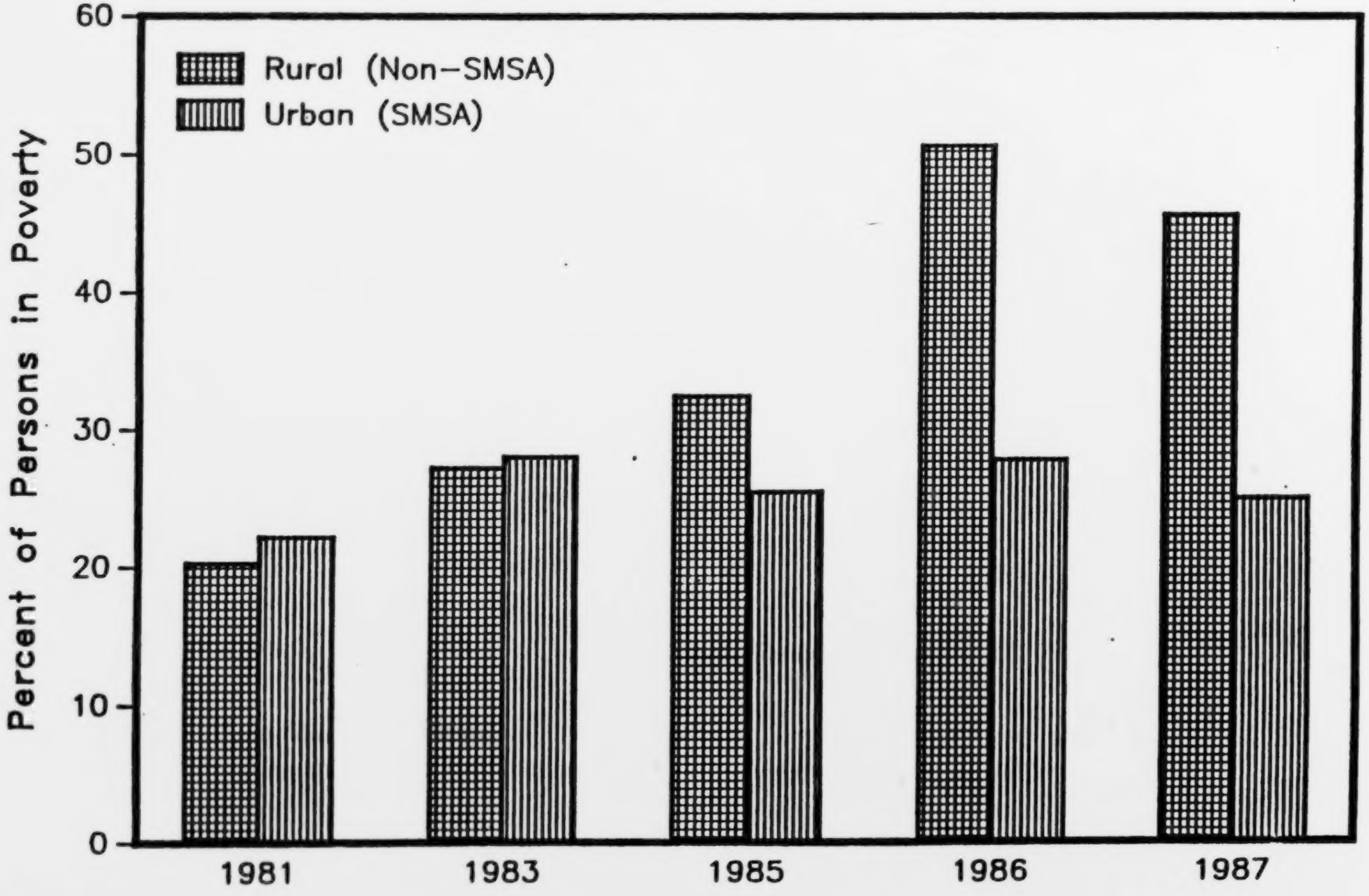


Figure 5: California Hispanics in Poverty by Rural/Urban Sectors

(1981 to 1987)



percent of all families in the United States and California are female-headed. In the U.S., approximately one-third of female-headed families have been in poverty throughout the 1980s. In California, female-headed families have had slightly lower levels of poverty (30%) than in the nation overall during most of this time period. It is important to note that this poverty ratio for female-headed families is much higher than for any of the racial/ethnic categories, indicating the importance of marital status as a factor associated with poverty. Because of this high poverty ratio, female-headed families made up an extremely high percentage of the total number of families in poverty: 41.1 percent in 1981 and 47.1 percent in 1987.

Change in economic conditions can have a severe effect on female family heads. This is especially true when they are also ethnic/racial minorities which already suffer disproportionately from underemployment and unemployment. While the percent of white female-headed families increased from 20.8 percent in 1981 to 29.0 percent in poverty in 1987, conditions were even more severe for black and Hispanic female-headed families. In 1981, 27.8 percent of black female-headed families were in poverty, while in 1987, 32.0 percent were in poverty. For each year measured, poverty has been highest for Hispanic female-headed families. In 1981 it was 40.3 percent and in 1987 it was 41.1 percent. This percentage has fluctuated from about 41 percent to 48 percent yearly throughout the 1980's, indicating an extreme lack of stability in economic conditions for Hispanic families of this type, even when compared with female-headed families of other racial/ethnic groups.

The percent of female-headed families in poverty is higher in rural than in urban areas in California (see Figure 8). This percentage in rural areas was consistently higher than 40 percent after 1981, while in urban areas it varied between 27 percent and 30 percent. This trend is especially true for Hispanic female-headed families.

Changes in Poverty Composition by Age Group

Since 1981, the percentage of persons in poverty has increased for each age group measured except for persons 65 and over, in which it has remained about the same (see Table 5). Children under sixteen has been the age group in poverty that has increased the fastest since 1981. Each of these two groups are discussed in more depth below.

Children in Poverty. In the past six years, the percentage of children under sixteen in poverty in California has increased from 18.9 percent in 1981 to 23.2 percent in 1987. In absolute numbers this represents an additional 437,000 children in poverty since 1981. Poverty in the age group of children less than six years old has increased the fastest within this category. In 1981, 20.3 percent of this group were in poverty, increasing to 26.1 percent in 1987. In absolute numbers, those in poverty under the age of six increased from 446,000 to 707,000 by 1987, representing a 58.5 percent increase in this brief period. While poverty for children under six increased in urban areas from 20.7 percent in 1981 to 26.0 percent in 1987, in rural areas the rate of poverty, while steadily increasing, averaged at least 33 percent during the 1980s.[6] A similar trend was reflected in children under age 16 (see Figure 9).

The Elderly Poor. Persons 65 years of age or older are the only group in poverty that has fared reasonably well over the past eight years. Nationally, the percent of persons in this group in poverty actually decreased about 3 percent during this time. This has been due principally to the indexing of social security to the cost of living. Thus, compared to other groups in poverty

Figure 6: California Female and Male Headed Families in Poverty

(1981 to 1987)

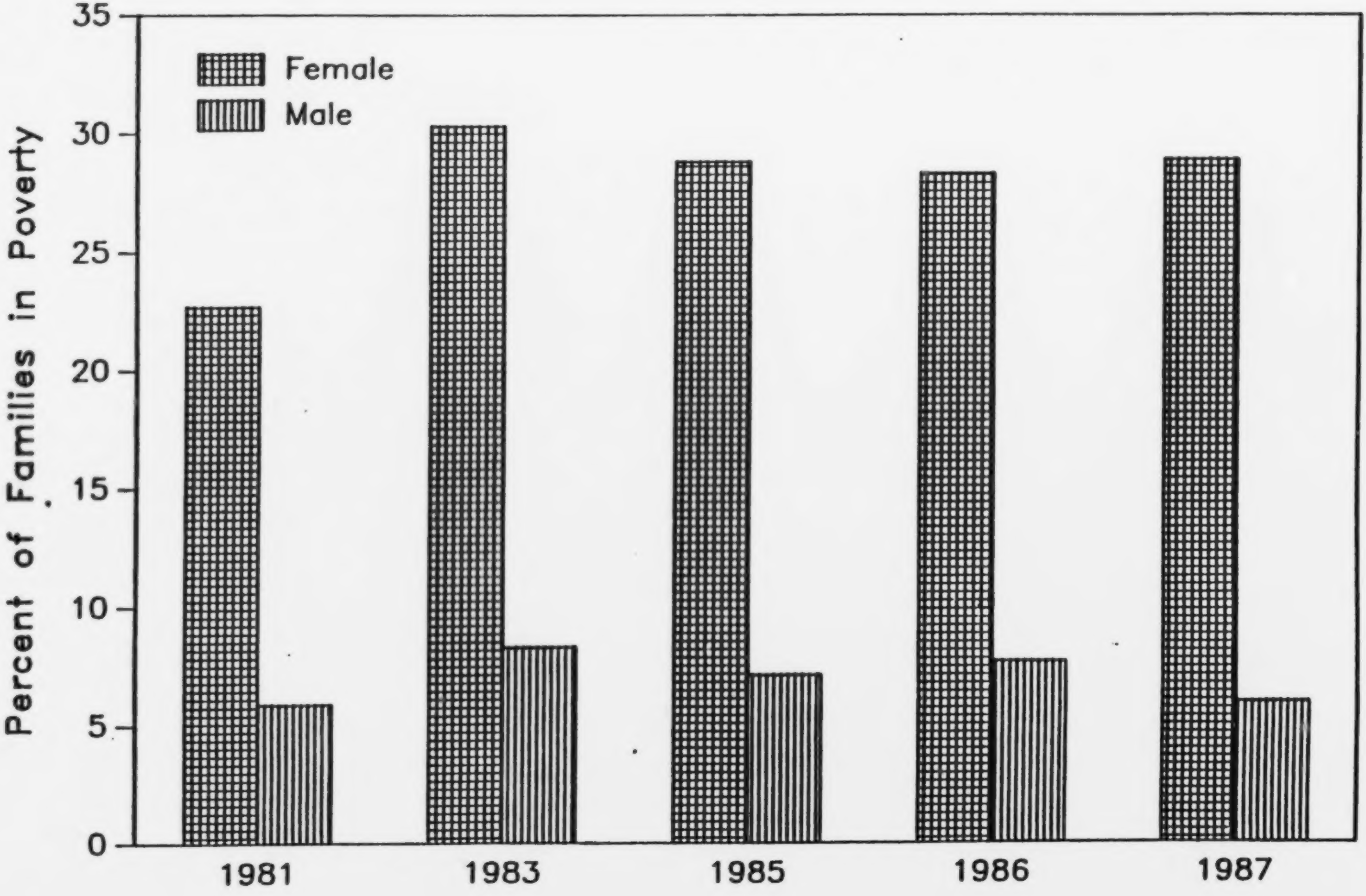


Table 4

Changes in Poverty by Family Composition, Gender and Race/Ethnicity Between the Rural and Urban Sectors in California (1981-1987)

	1981	1983	1985	1986	1987
California					
Percent of male headed families in poverty	5.9	8.3	7.1	7.7	6.0
Percent of female headed families in poverty	22.7	30.3	28.8	28.3	28.9
White female headed*	20.8	27.1	26.3	27.6	29.0
Black female headed	27.3	46.0	41.8	33.0	31.5
Hispanic female headed	40.3	48.1	42.1	46.1	41.8
Other female headed	34.3	20.9	28.1	24.1	22.5
SMSAs - Urban					
Percent of male headed families in poverty	5.8	7.8	6.7	7.5	6.0
Percent of female headed families in poverty	22.4	29.7	27.5	27.3	28.5
White female headed	20.2	26	24.5	26.3	28.4
Black female headed	27.8	46.4	41.0	33.0	32.0
Hispanic female headed	38.6	46.2	41.1	44.1	41.1
Other female headed	34.3	19.0	28.1	24.1	22.5
Non-SMSAs - Rural	7.0	14.5	12.0	12.8	7.9
Percent of male headed families in poverty	27.8	41.2	42.7	46.9	(40.7)
Percent of female headed families in poverty	30.0	41.3	41.3	46.9	(44.4)
White female headed	(0.0)**	(0.0)	(100.0)	(0.0)	(0.0)
Black female headed	(60.7)	(82.7)	(59.3)	(100.0)	(100.0)
Hispanic female headed	(0.0)	(65.3)	(0.0)	(0.0)	(0.0)
Other female headed					

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*See the footnote of Table 13 for the definitions of racial/ethnic groups.

**( ) indicates unreliable data due to a small sample size.

†Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research, 1988.

Figure 7: California Female Headed Families in Poverty by Race/Ethnicity

(1981 to 1987)

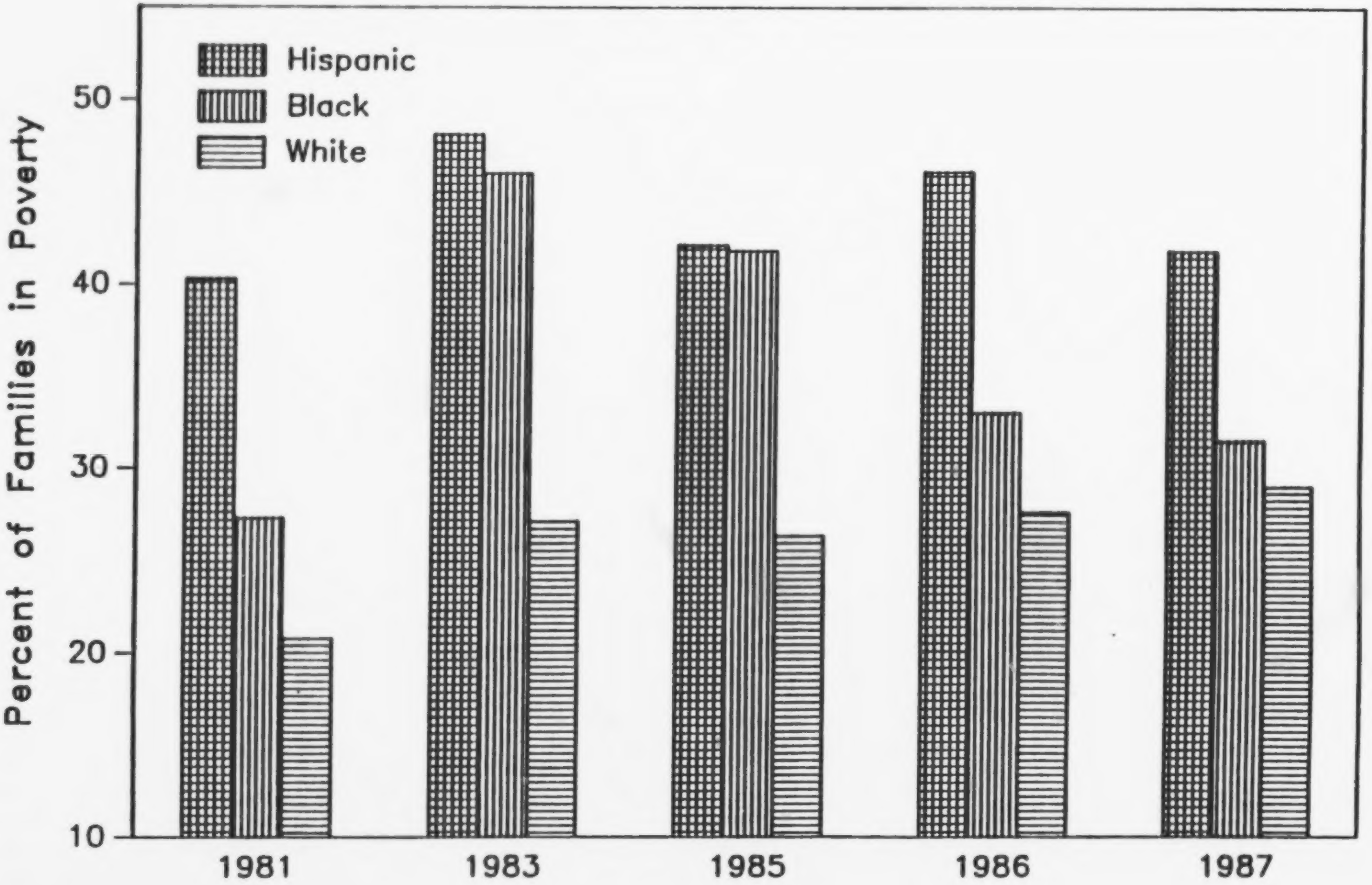
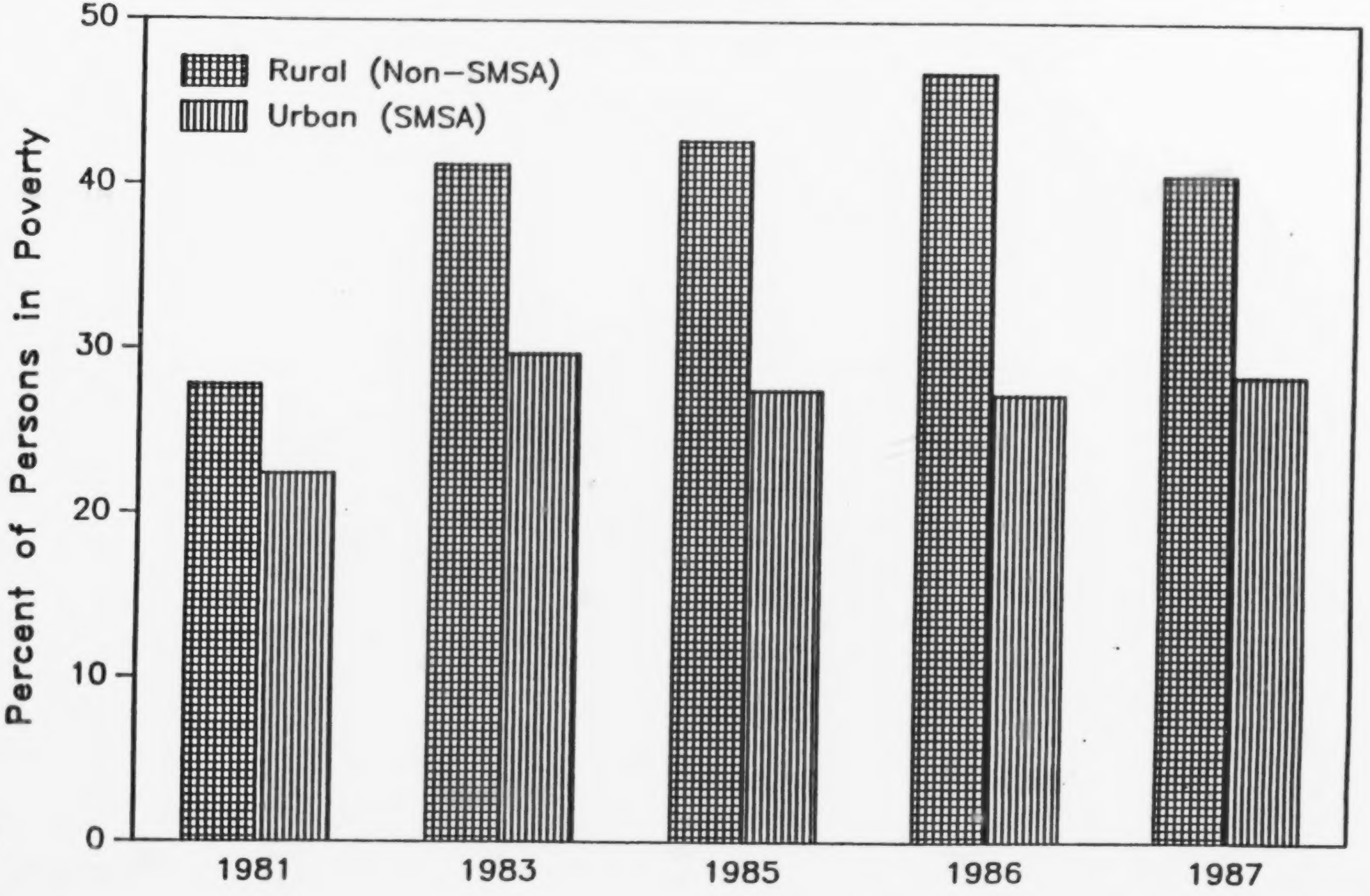


Figure 8: Rural and Urban California Female Headed Families in Poverty

(1981 to 1987)



which have had their social benefits substantially reduced, the elderly have been relatively better off. The elderly poor in California have also shown consistently lower rates of poverty than the elderly poor in the nation as a whole. In 1981, 16.0 percent of the elderly nationwide were in poverty, while 8.0 percent were in poverty in California. In 1987, 12.8 percent were poor in the U.S. compared to only 5.5 percent in California, indicating a steadily improving situation for both the elderly in California as well as the nation. Although it is difficult to track change for the elderly poor in rural California because of the small sample size, Table 5 suggests that the elderly were worse off in rural as opposed to urban California throughout the 1980's, except for 1983.

Changes in Poverty Composition by Labor Force Status

The number and percent of the labor force in poverty in California has increased at a relatively steady rate since 1981, going from 7.1 percent of the labor force in 1981 to 9.0 percent of the labor force in 1987. In absolute numbers they have increased from 871,000 to about 1.3 million. These numbers are equivalent to 31.3 percent of the total number of persons in poverty in 1981 and 34.7 percent in 1987.

Compared to employed persons working both full and part-time, sub-employed and not-employed[7] persons have been facing a significantly higher poverty ratio. The poverty ratio of unemployed persons varied between about 22 and 29 percent throughout the 1980s, while that of discouraged persons was consistently high (over 30 percent) during most of the years since 1983. The percentage of sub-employed persons in poverty was also relatively stable at a level of about 18 percent since 1983. In contrast, the percentage of full-time working poor was relatively stable at a comparatively low level of between 5 and 6 percent throughout the 1980's. The percentage for part-time workers reached over 8 percent between 1983 and 1986. However, the working poor still represent a significant majority of the labor force in poverty, consisting of 61.3 percent in 1981 and 58.2 percent in 1987.

The percent of working poor in urban areas is very similar to the statewide trend. It has been stable at about 5 to 6 percent for full-time workers since 1981. In contrast, the poverty ratio for California's full-time workers in rural areas has fluctuated abruptly between a low of 5 percent and a high of 13 percent. The poverty ratio for part-time workers in rural areas has shown an even more abrupt variation than for full-time workers in rural areas. This indicates again the very unstable economic conditions in the rural sector of California, probably the result of the industrial restructuring of California's economy. "Service industries now employ many more rural workers than goods-producing industries, and most of the job growth in rural areas since the late 1960's has been in the service sector...The Bureau of Labor Statistics has projected that 90 percent of the 16 million new jobs expected in the United States between 1984 and 1995 will be in the service producing sector" (Brown and Deavers, 1987). Jobs in the service sector tend to be low paying. Not only are unemployment conditions substantially worse in rural California, but the new industries emerging in rural areas often pay the minimum wage. For this reason it should come as no surprise that the number of working poor in our rural economy is increasing.

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Table 5

Changes in Poverty Composition by Age Groups Between the Rural and Urban Sectors in California (1981-1987)

	1981	1983	1985	1986	1987
California					
Percent of persons age 65+ in poverty	8.0	8.6	6.8	7.4	5.5
Percent of persons age 16-64 in poverty	9.7	12.4	11.7	11.8	11.6
Percent of persons age 15 or less in poverty	18.9	24.3	23.4	25.0	23.2
SMSAs - Urban					
Percent of persons age 65+ in poverty	7.8	9.1	6.7	7.4	5.2
Percent of persons age 16-64 in poverty	9.7	11.7	11.2	11.5	11.5
Percent of persons age 15 or less in poverty	18.6	23.7	22.5	24.6	22.9
Non-SMSAs - Rural					
Percent of persons age 65+ in poverty	(9.6)*	3.3	7.7	(7.5)	(13.1)
Percent of persons age 16-64 in poverty	10.2	20.9	17.1	18.6	14.8
Percent of persons age 15 or less in poverty	21.3	30.0	33.0	34.6	29.7

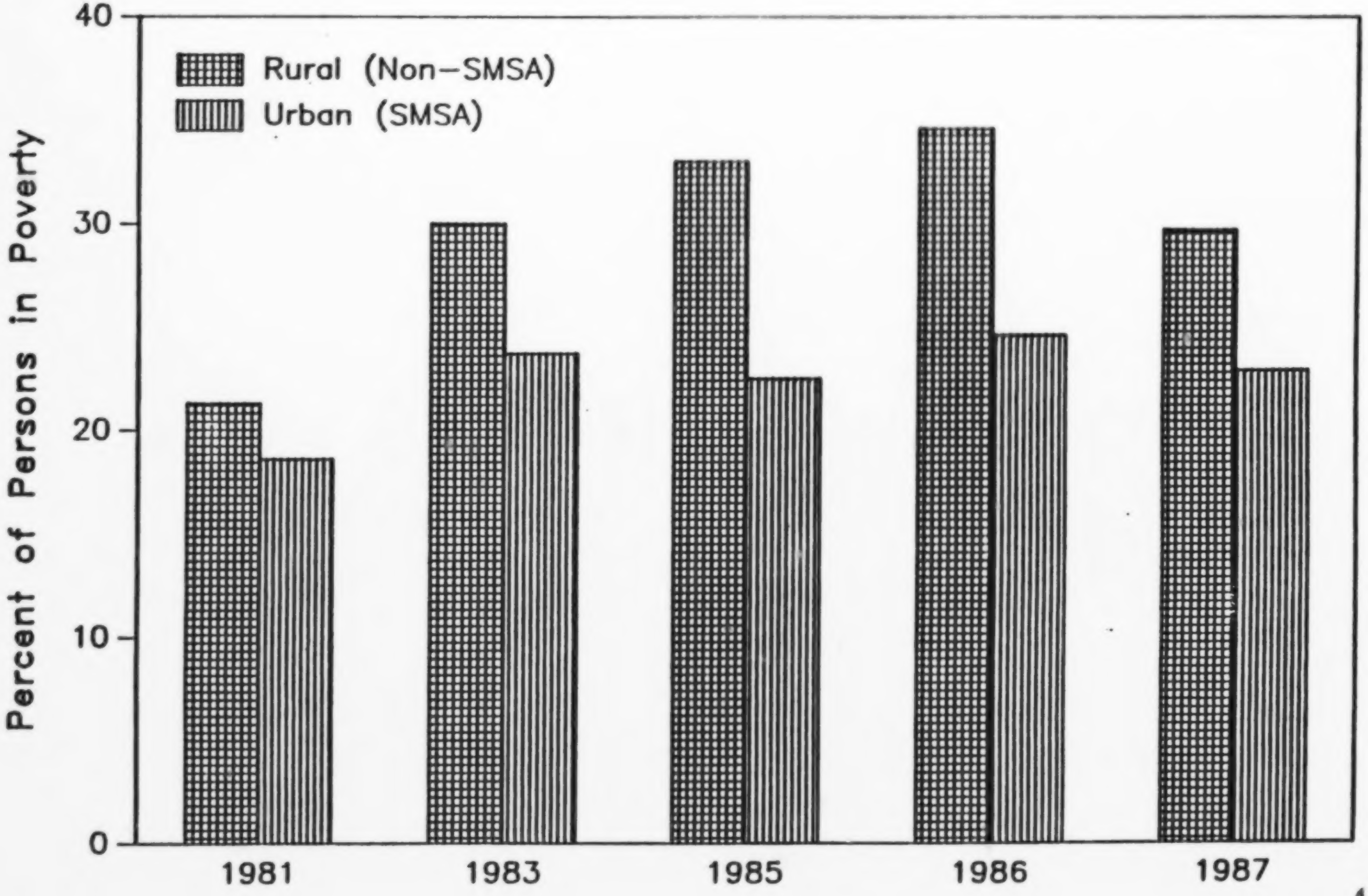
*( ) indicates unreliable data due to a small sample size.

**Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research, 1988

Figure 9: Children in Poverty in Rural and Urban California'

(1981 to 1987)



IV. CROSS-SECTIONAL ANALYSIS OF RURAL AND URBAN POVERTY IN CALIFORNIA

In this section a closer examination will be made of the interrelationship of urban and rural poverty in California. Factors that shed light on populations most affected by poverty and how poverty manifests itself will be investigated. The data used for this purpose were the 1980 Census of Population as well as other available data in California.

The Geographic Relationship of Rurality and Poverty in California

This section investigates the interrelationship of poverty and rurality. It is important to emphasize that this cross-sectional analysis is based on California's 58 counties and restricted to the time period in which data for the 1980 Census of Population was collected. Among the 58 counties, 30 are SMSA (urban) counties and the other 28 are non-SMSA (rural) counties. However, 52 counties have both urban and rural populations. San Francisco is the only California county with no rural population and Alpine, Amador, Calaveras, Mariposa, and Sierra counties have no urban population (see Appendix D). The average county in California has 58.8 percent of its population residing in urban areas and 41.2 percent in rural areas.

As shown in Table 7, in the average California county, 11.7 percent of the population was in poverty in 1979. This ranged from a minimum of 6.1 percent in San Mateo County to 18.8 percent in Alpine County. The average county had 10.7 percent of persons in poverty in urban areas and 11.0 percent in rural areas. Map 4 shows that many of the counties with a high urban poverty ratio are geographically concentrated in the San Joaquin Valley as well as other metropolitan areas such as Los Angeles. Among the SMSA counties, the percent of urban population in poverty ranged from a minimum of 6.1 percent in San Mateo to a maximum of 17.6 percent in Yuba County. This rate in the non-SMSA counties was generally lower than that of the SMSAs. The highest figure for the rural counties was 16.9 percent for Tuolumne County.

In contrast, the rural poverty rate in SMSA counties was generally lower than that of non-SMSA counties. The SMSA counties, on average, recorded 9.8 percent as the rural poverty rate with a maximum of 16.3 percent in Imperial County. The average non-SMSA county had 12.2 percent of its rural population in poverty. It ranged from a minimum of 5.8 percent in Napa County to a maximum of 18.8 percent in Alpine County. Thus, as shown in Map 5, the counties with a high rural poverty ratio are geographically concentrated in three areas: the San Joaquin Valley, and the northern and southern marginal areas along the state border. A comparison between Map 4 and Map 5 indicates that there is a difference in the causes of poverty between the San Joaquin Valley area and the marginal areas.

In the more densely populated areas of California, one would expect to find more people in both the urban and rural sectors. After controlling for population, it is seen that highly populated counties have a lower percent of rural population and a higher percent of urban population than the less populated counties. Table 8 indicates the negative relationship between the absolute number of the population and rurality[8] (-.41)[9]. This relationship becomes even more clearly defined by using the logarithm of the population total (-.88). On the other hand, there is a significant but relatively weak correlation between the total number of persons in poverty with the logarithm of the population (-.27) and no significant correlation between rurality and the total number of persons in poverty. This is due to a cancellation of the statistical correlations when rural and urban poverty are considered together.

Table 6

Changes in the Percent of Workers in Poverty Between the Rural and Urban Sectors in California (1981-1987)

	1981	1983	1985	1986	1987
California					
Eligible labor force in poverty*	7.1	10.0	8.6	9.2	9.0
Full-time workers in poverty**	4.9	5.9	5.1	5.6	6.1
Part-time workers in poverty***	5.9	8.6	8.0	8.3	6.1
Sub-employed workers in poverty†	13.7	17.8	16.6	18.1	17.9
Unemployed workers in poverty††	21.2	24.7	28.6	22.8	23.1
Discouraged workers in poverty†††	17.0	30.4	30.5	45.0	37.1
SMSAs - Urban					
Eligible labor force in poverty	7.0	9.6	8.3	9.1	8.9
Full-time workers in poverty	4.9	5.6	5.0	5.6	5.9
Part-time workers in poverty	5.4	7.9	7.6	8.3	5.8
Sub-employed workers in poverty	13.2	18.0	15.1	17.5	17.7
Unemployed workers in poverty	21.9	24.1	27.8	22.5	23.0
Discouraged workers in poverty	17.9	28.9	31.1	46.7	37.7
Non-SMSAs - Rural					
Eligible labor force in poverty	7.6	16.7	13.3	11.4	14.6
Full-time workers in poverty	5.1	10.3	6.9	7.9	12.8
Part-time workers in poverty	11.3	15.8	12.0	(9.0)	(20.4)
Sub-employed workers in poverty	(16.4)§	(15.2)	(28.7)	(31.3)	(20.6)
Unemployed workers in poverty	15.0	29.3	34.9	(27.2)	(23.9)
Discouraged workers in poverty	(0.0)	(50.4)	(25.7)	(0.0)	(0.0)

*Those civilians over the age of 16 who are currently working or actively looking for work as well as the "discouraged."

**Those who are currently working 35 hours or more a week or who are currently working less than this but usually work 35 hours or more a week.

***Those who are currently voluntarily working less than 35 hours per week.

†Those who are forced to work currently less than 35 hours per week.

††Those who are actively looking for work.

†††Those who are not actively looking for work but would take a regular job if offered.

§( ) indicates unreliable data due to a small sample size.

§§ Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research, 1988

Table 7

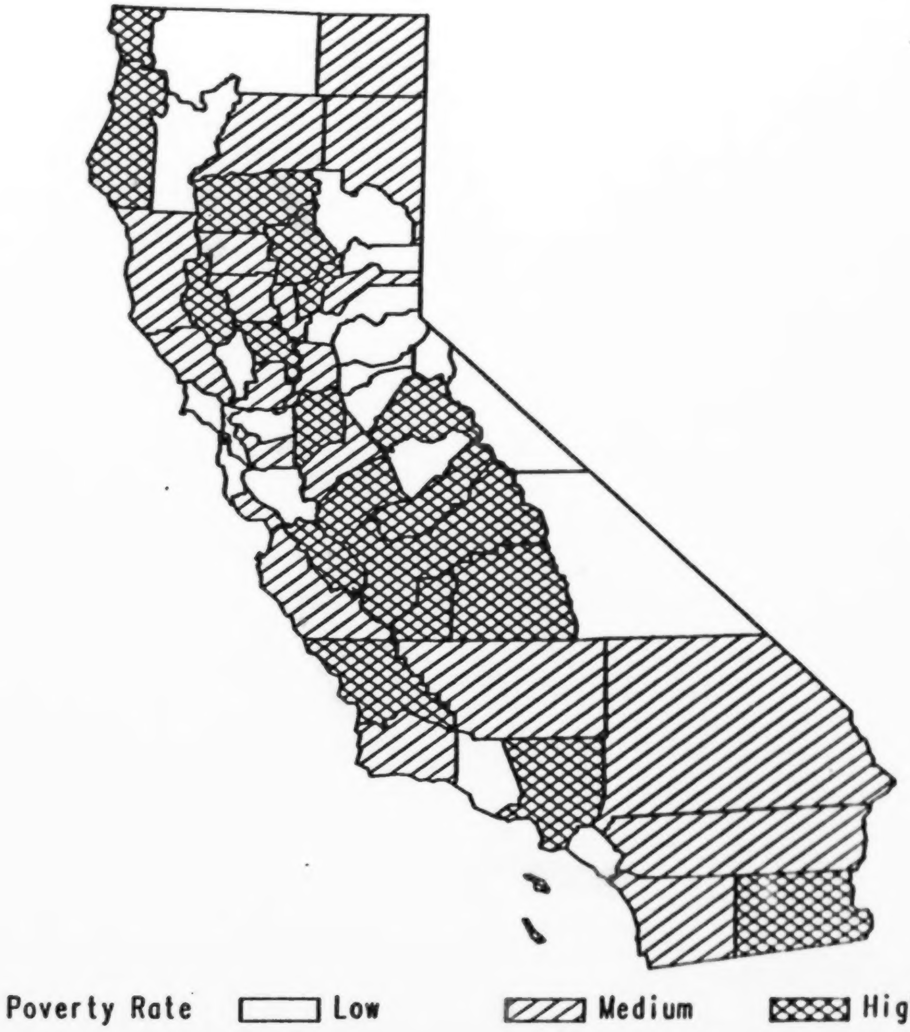
Population and Poverty in SMSA and Non-SMSA Counties in California (1980)

	All Counties	SMSA Counties	Non-SMSA Counties
Number of counties	58	30	28
Percent of total California population	100.0	94.9	5.1
Average population per county (in thousands)	408	749	43
Maximum population of county (in thousands)	7,447	7,447	155
Minimum population of county (in thousands)	1	50	1
Average percent of rural population per county	41.2	16.6	67.7
Maximum percent of county	100.0	49.5	100.0
Minimum percent of county	.0	.0	19.3
Percent of total number of Californians in poverty	100.0	94.5	5.5
Average percent of persons in poverty per county	11.7	11.4	12.1
Maximum percent of county	18.8	16.5	18.8
Minimum percent of county	6.1	6.1	8.1
Average percent of persons in poverty in urban areas per county	10.7	11.6	9.7
Maximum percent of county	17.6	17.6	16.9
Minimum percent of county	.0	6.1	.0
Average percent of persons in poverty in rural areas per county	11.0	9.8	12.2
Maximum percent of county	18.8	16.3	18.8
Minimum percent of county	.0	.0	5.8

*Data compiled from 1980 Census Population.

Data prepared by California Center for Applied Research, 1988.

Map 4: Urban Poverty Rate in California Counties (1980)



Map 5: Rural Poverty Rate in California Counties (1980)

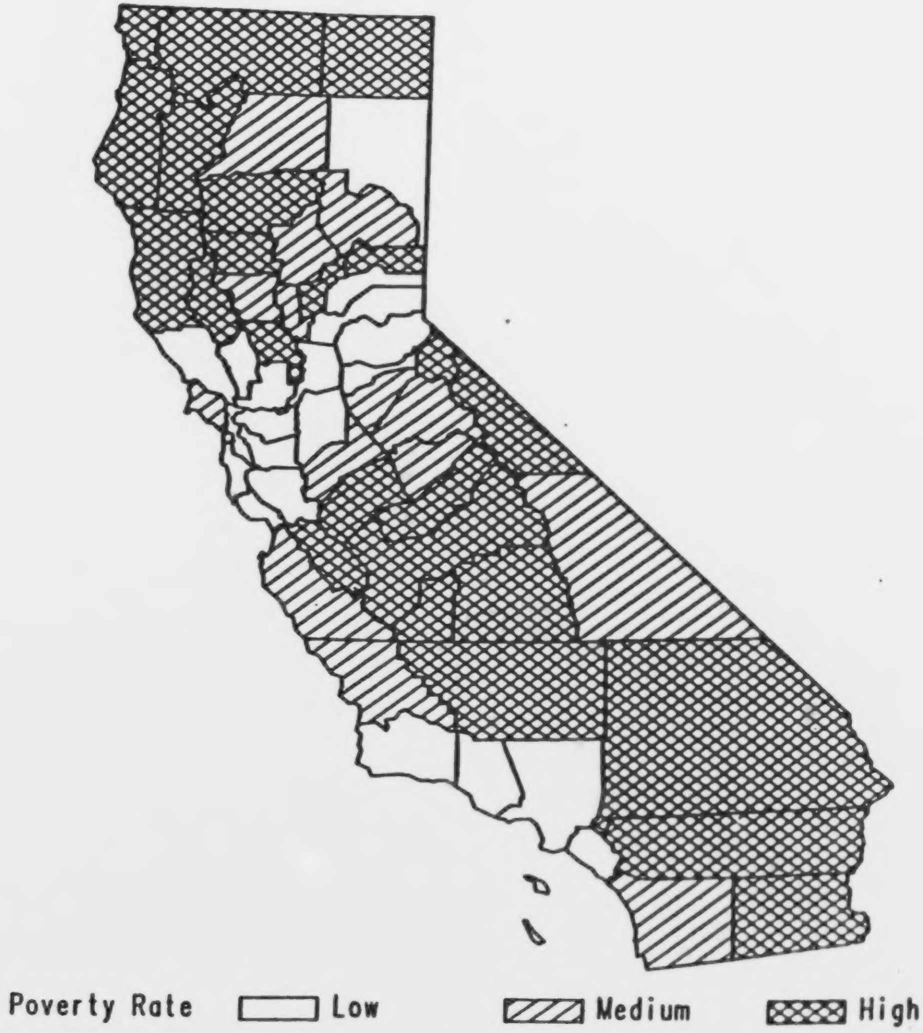


Table 8

Pearson Correlation of Rurality and Poverty in California Counties (1980)

	1	2	3	4	5
1. Population	1.000				
2. Logarithm of population	.595*[1]	1.000			
3. Percent of rural population	-.410*[1]	-.877*[1]	1.000		
4. Percent of persons in poverty	-.057	-.273*[2]	.172	1.000	
5. Percent of persons in poverty in urban areas	.068	.333*[1]	-.371*[1]	.463*[1]	1.000
6. Percent of persons in poverty in rural areas	-.266*[2]	-.500*[1]	.418*[1]	.631*[1]	.095

*[1]Indicates a significance level ≤ .01; [2]indicates a significance level ≤ .05;

**Data compiled from 1980 Census of Population; "rurality" refers to percent of population in a county designated as "rural" in the Census.

Data prepared by California Center for Applied Research, 1988.

There is a significant negative correlation (-.50) between the logarithm of the population and the percentage of persons in rural poverty. The positive correlation between rurality and percentage of persons in rural poverty is also statistically significant (.42). The correlation between the logarithm of the population and the percentage of persons in urban poverty was positive (.33), while the correlation between rurality and percent of persons in urban poverty was negative (-.37). These relationships suggest that urban and rural poverty are different phenomena and must be analyzed separately. This is an important factor to take into consideration in making policy decisions.

Figures 10 and 11 show the geographic relationship of rurality and poverty. In each of these two figures, the 58 California counties are plotted along the dimensions of the logarithm of total population and rurality. Counties with a small population have a higher degree of rurality while the counties with larger populations have lower rurality. In both figures this is shown by the lineal distribution from the upper portion of the left axis to the higher portion of the bottom axis. The degree of poverty in each county is indicated by either high (H), medium (M), or low (L) levels. Figure 10 shows that counties with a low urban poverty rate are concentrated mainly in the upper left portion of the graph, indicating that rural counties with a small population size have a lower urban poverty rate. However, counties with a medium urban poverty rate tend to fall in the lower right hand portion of the graph, while those with a high urban poverty rate tend to fall in the central portion of the figure. This means that while urban poverty is least in counties with a small population size, the reverse does not hold true. Rather, the urban poverty rate is worse, not in counties with the largest cities, but in counties with a more moderate sized population.

Figure 11 shows that counties with a low rural poverty rate are concentrated in the lower right hand portion of the graph, indicating that more populated urban counties have lower rates of rural poverty. Counties with a medium poverty rate appear to be slightly polarized, as indicated by their distribution into two groups. The first consists of the rural counties with less population, and the second consists of urban counties with a moderate population size. Counties with a high rural poverty rate reflect a similar pattern to counties with a high urban poverty rate, although their distribution is more dispersed and there is a greater tendency to be weighted towards the upper left hand portion of the graph. This explains the higher correlation of rural poverty with rurality (.42) and the logarithm of population (-.50) than of urban poverty with rurality (-.37) and the logarithm of population (.33).

Several causal hypotheses need to be tested to determine the origin of different structural types of poverty in California. The distribution of the highest levels of both urban and rural poverty in counties with a moderate size of population (Intermediate Poverty Regions) may suggest that several factors are interacting to create this phenomenon. These factors may relate to the structure of both the industrial and agricultural economies. A second and more widely recognized type of rural poverty may be better explained by the marginal economy of certain counties (Marginal Poverty Regions). A third type of poverty exists in the larger metropolitan areas of California (Metro Poverty Regions) and may be the product of minority concentration in inner city areas and the decline of traditional industries. While the intensity of poverty is the worst in the Intermediate Area Poverty counties, the absolute number of poor is greatest in the Metro Area Poverty counties.

Figure 10: Rurality with Population by Urban Poverty Rate (1980)

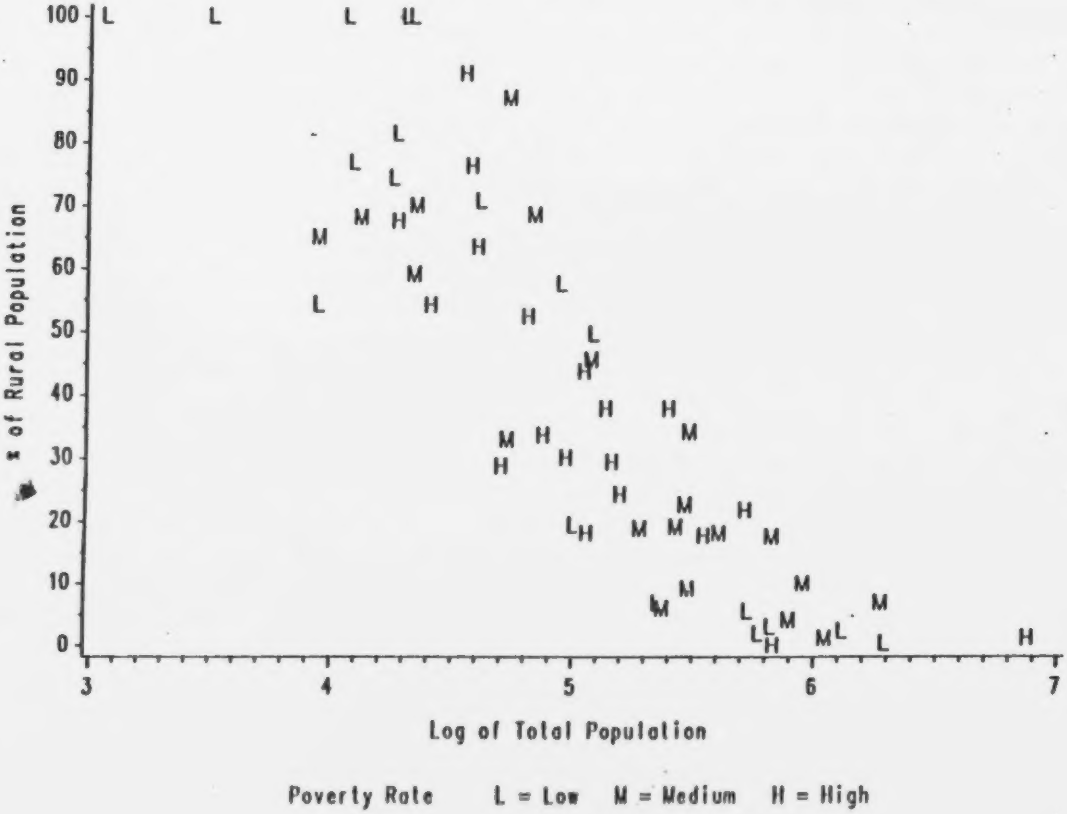
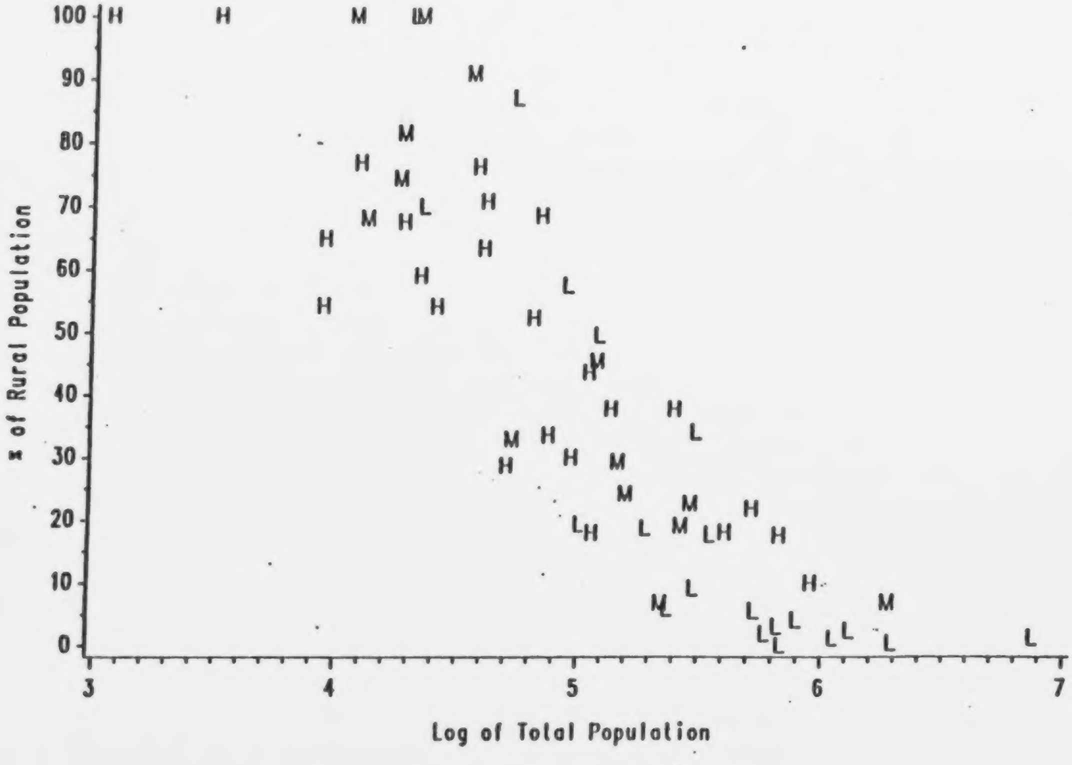


Figure 11: Rurality with Population by Rural Poverty Rate (1980)



Poverty Rate   L = Low   M = Medium   H = High

The Demographic Characteristics of Rural and Urban Poverty

Thirteen variables describing characteristics of the population in poverty were factored to test the dimensionality of urban and rural poverty characteristics. The result of this is shown in Table 9. The first factor clearly indicated the dimension of rural poverty. The second indicated the dimension of urban poverty.[10] Two major variables loaded on both the urban and rural poverty dimensions: the percentage of total households in poverty and the percentage of children under six in poverty.

The dimension of urban poverty proved to be very distinct from rural poverty. This is shown by three variables that uniquely loaded on the urban poverty dimension: percentage of blacks in poverty, percentage of Hispanics in poverty, and percentage of Asians in poverty.

The dimension of rural poverty contrasted sharply with the previously described dimension of urban poverty. Six variables uniquely loaded on the rural poverty dimension: percentage of total persons in poverty, percentage of total families in poverty, percentage of non-Hispanic whites in poverty, percentage of Native Americans in poverty, percentage of female-headed households with children in poverty, and percentage of persons 65 years of age or older in poverty.

Urban poverty in California is characterized by black, Hispanic, and Asian poverty to a greater extent than is found in rural areas. This is in agreement with recent research findings on blacks and Hispanics in poverty at the national level (Jensen and Tienda, 1987). In sharp contrast, the only racial minority group strongly associated with rural poverty in California was Native Americans. Rural poverty in California is also characterized by a disproportionate number of non-Hispanic whites.

The variance of the following variables are strongly associated with the dimension of rural poverty: percentage of elderly in poverty and the percentage of female-headed households in poverty. Rural to urban migration is dominated by young adults leaving the elderly and single females with children in the rural areas where they have few economic opportunities. The incidence of high unemployment and lack of job opportunities, combined with few day care facilities in rural areas, impact severely on women with children. The percentage of total persons in poverty loads on the rurality dimension of poverty since rural areas have higher rates of poverty. The percentage of households in poverty loaded on both the urban and rural poverty dimensions, however, with a significantly stronger loading on the urban poverty dimension. The percentage of families in poverty loaded on the rural poverty dimension. Therefore, counties with high rural poverty have a higher rate of families in poverty than households in poverty, possibly indicating that the availability of housing in those counties forces more families to live in a single household. For this reason, while researching rural poverty, it may be best to use the family as a unit of analysis as opposed to the household, whereas the household is a more appropriate unit for urban poverty research.

The Association of Rural Poverty with Quality of Life in California

Vital Statistics. The correlations shown in Table 10 indicate the degree of association between rural poverty and selected vital statistics at the county level. There were 15 variables that were significantly correlated with rural poverty. Among these 15, 11 were significantly associated with both rural and urban poverty. The four variables that were uniquely associated with rural

Table 9

Factor Matrix of Demographic Characteristics of Rural and Urban Poverty in California Counties (1980)*

	Factor 1	Factor 2
Percent of persons in poverty in urban areas	.177	.739
Percent of persons in poverty in rural areas	.772	.004
Percent of persons in poverty	.880	.366
Percent of families in poverty	.911	.221
Percent of households in poverty	.504	.681
Percent of Whites in poverty	.811	.356
Percent of Blacks in poverty	-.055	.717
Percent of Hispanics in poverty	.134	.859
Percent of Native Americans in poverty	.820	-.249
Percent of Asians in poverty	-.124	.582
Percent of female headed families with children in poverty	.580	.347
Percent of children age 5 or less in poverty	.523	.583
Percent of persons age 65+ in poverty	.812	-.351

*Varimax rotated factor matrix. Factor 1 expresses "rural poverty" and Factor 2, "urban poverty."

**Data compiled from 1980 Census of Population.

Data prepared by California Center for Applied Research, 1988.

Table 10

Pearson Correlations of Vital Statistics with Rural and Urban Poverty in California Counties

		% of Persons in Poverty in Urban Areas	% of Persons in Poverty in Rural Areas
Rate of marriage dissolutions per 1,000 total population†	(1980)	.280 *	-.279 *
Percent of births with a farm worker parent†	(1978)	.488 **	.375 **
Percent of births with unmarried mothers†	(1979)	.354 **	-.216 *
Change in percent of births with unmarried mothers	(1979-84)	.008	.256 *
Percent of births with teenage mothers†	(1980)	.663 **	.214 *
	(1982)	.618 **	.264 *
	(1984)	.538 **	.496 **
Change in percent of births with teenage mothers	(1980-84)	-.409 **	.249 *
Percent of birth with inadequate prenatal care†	(1980)	.509 **	.256 *
	(1982)	.127	.521 **
	(1984)	.242 *	.344 **
Comparative mortality figure†	(1973-77)	.573 **	-.337 **
Years-of-life lost index†	(1973-77)	.606 **	-.243 *
Infant death rate of blacks†	(1979)	.087	-.387 **
Infant death rate of Asian and others†	(1979)	-.014	-.310 **

†See the data source listed below for definitions.
**Indicates a significance level ≤.01.
*Indicates a significance level ≤.05.
Source: Health Data Summaries for California Counties, (1982, 1986), California Department of Health Services.

Data prepared by California Center for Applied Research, 1988.

poverty were the change in percentage of births to unmarried mothers between 1979 to 1984, percentage of births with inadequate prenatal care in 1982, and the ratio of infant mortality for both blacks and Asians.

Although between 1979 and 1984, the percent of increase of births to unmarried mothers was significantly associated with rural areas (.26) but not urban areas (.01.), births to unmarried mothers in 1979 were positively associated with urban poverty (.35) but negatively with rural poverty (-.22). This 1979 correlation is due to the fact that in six counties with a high rural poverty ratio there are relatively fewer births to unmarried mothers. However the correlation between rural poverty and the change in births to unmarried mothers between 1970 and 1984 suggests that the rate of births to unmmarried mothers has increased especially rapidly in rural areas and become an increasingly serious problem that is new to rural areas.

The percentage of births with inadequate prenatal care was associated with both rural and urban poverty in 1980 and 1984, indicating that the lack of association with urban poverty in 1982 was probably due to random variation in that particular year. The negative relationship between rural poverty and black (-.39) and Asian (-.31) infant mortality is most likely a statistical artifact as there were relatively few blacks and Asians giving birth in rural counties.

The 11 variables associated with both rural and urban poverty were: the marriage dissolution ratio for 1980; percentages of births to teenage mothers for 1980, 1982, and 1984; change in percentage of births to teenage mothers between 1980 and 1984; the percentage of births with a farm worker as a parent in 1978; the comparative mortality index for the five-year period between 1973 and 1977; the years-of-life lost index for the five-year period between 1973 and 1977; the percentage of births to unmarried mothers in 1979; and the percentage of births with inadequate prenatal care in 1980 and 1984.

As expected, the marriage dissolution rate was positively associated with urban poverty (.28) and negatively associated with rural poverty (-.28), which reflects the greater stability of families in rural areas as opposed to urban areas, or the greater opportunity to get out of a bad marriage in urban areas. As shown in Table 10, teenage mothers are positively associated with both urban and rural poverty. However, the association was much stronger with urban poverty (.66,.62,.54) for each of the three years than with rural poverty (.21,.26,.50). The association between urban and rural poverty and the change in percentage of births to teenage mothers between 1980 and 1984 indicate a much more rapid growth in births to teenage mothers in the rural sector (.25) than in the urban sector (-.41). Percentage of births to a farm worker is associated with both urban and rural poverty (.49, .37 respectively). The slightly higher association with urban poverty is probably due to the fact that the percentage of births to farm workers correlates highly with the percentage of Hispanics in poverty (.53) and the latter group is more likely to reside in urban than rural areas, as previously shown. The comparative mortality figure and years-of-life lost index are negatively associated with rural poverty while each of these two variables has a positive association with urban poverty.[11] This difference suggests better environmental conditions for daily life in rural areas than urban areas.

Social Disorganization. As shown in Table 11, there were 10 variables significantly associated with rural poverty, 5 of which are associated with both rural and urban poverty. These ten variables are: rapes, assaults, and burglaries per 10,000 persons in 1983; FBI index adjusted per 10,000 persons in 1983; mental health admissions per 10,000 to state hospitals for the mentally disabled, in fiscal year 1982; rehabilitation clients per 10,000 persons, in fiscal year 1980;

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Table11

Pearson Correlations of Social Disorganization with Rural and Urban Poverty in California Counties

		% of Persons in Poverty in Urban Areas	% of Persons in Poverty in Rural Areas
Rapes per 10,000 population	(1983)	.478 **	-.276 *
Assaults per 10,000 population	(1983)	.021	.244 *
Burglaries per 10,000 population	(1983)	.133	.302 *
FBI index adjusted per 10,000 population†	(1983)	-.028	.220 *
Mental health admissions per 10,000 population to state hospitals for the mentally disabled†	(1982)	-.050	-.230 *
Work injury rate per 1,000 workers†	(1980)	-.491 **	.373 **
Percent of persons age 16-64 with work-limiting disabilities†	(1980)	.151	.287 *
Rehabilitation clients per 10,000 population†	(1980-81)	.255 *	-.259 *
Alcohol abuse clients per 10,000 population†	(1984)	-.395 **	.245 *
Change in alcohol abuse clients per 10,000 population	(1980-84)	-.309 **	.370 **

†See the data source listed below for definitions.
** Indicates a significance level of ≤.01.
*Indicates a significance level ≤.05.
Source: Health Data Summaries for California Counties, (1982, 1986), California Department of Health Services.

Data prepared by California Center for Applied Research, 1988.

alcohol abuse clients per 10,000 persons in 1984, changes in alcohol abuse clients per 10,000 persons from 1980 to 1984; work injury rate per 1,000 workers in 1980; and percentage of population between the ages of 16 and 64 with work-limiting disabilities in 1980.

The overall poverty ratio is positively associated with assault (.41), burglary (.45), and FBI adjusted crime index (.45), while there was no correlation between the incidence of poverty and homicides and rapes. Urban poverty was positively associated with the major crimes of homicide (.45) and rape (.48), while rural poverty was positively associated with crimes of assault (.24), burglaries (.30), and the FBI adjusted crime index (.22).

Mental health admissions to state hospitals and rehabilitation of clients ratios were both negatively but weakly associated with rural poverty, most likely indicating either the lack of facilities to provide care in rural areas or possibly a lower incidence of problems associated with these ratios.

The rate of alcohol abuse clients per 10,000 persons showed a correlation having a different direction in rural (.25) as opposed to urban areas (-.40). The positive correlation between the rural poverty rate and alcohol abuse clients per 10,000 persons indicates that the counties with higher rural poverty witnessed a dramatically higher rate of alcohol abuse clients. The correlation between the poverty ratio and changes in alcohol abuse clients per 10,000 from 1980 to 1984 indicates that the counties with higher rural poverty have had a higher increase in the rate of change.

Work injuries per 1000 workers and percentage of persons with work limiting disabilities have positive correlations with rural poverty (.37, .29) which may indicate the type of industries, and the lack of safety standards in those industries, which are available in the counties with a high rural poverty ratio.

Level of Living. As shown in Table 12, seven variables measuring the level of living were significantly associated with rural poverty. Four of these were commonly associated with both rural and urban poverty: percent of persons with only an elementary education in 1980 (.35 for rural; .46 for urban); percent of persons with a college degree in 1980 (-.39; -.41); percent of persons age 25 or over who did not complete high school in 1980 (.37;.57); and the Department of Health Services' relative need improved index for 1979-80[12] (.42;.67). These variables especially illustrate the very clear relationship between under-achievement in education and poverty in general.

The three variables that uniquely correlated with rural poverty at the county level were: percent of substandard housing in 1981 (.57); percent of percent of persons over 65 without a phone in 1980 (.52); and population per non-federal physician in 1980 (.61). The percent of persons over 65 without a phone and population per non-federal physician variables illustrate the special problems of rural poverty: isolation and the underdevelopment of the social infrastructure.

As indicated in Table 12, all of these variables except the percentage of persons with a college education are substantially positively correlated with rural poverty. These results indicate the lack of both social and physical infrastructure investments in the rural sector.

Table 12

Pearson Correlations of Level-of-Living with Rural and Urban Poverty in California Counties

		% of Persons in Poverty in Urban Areas	% of Persons in Poverty in Rural Areas
Percent of substandard housing†	(1981)	-.065	.569 **
Percent of persons age 65+ without phones†	(1980)	-.208	.519 **
Population per non-federal physicians†	(1980)	.033	.606 **
Relative need index (improved)†	(1979-80)	.673 **	.415 **
Percent of persons with only elementary education†	(1980)	.463 **	.349 **
Percent of persons age 25+ without completing highschool†	(1980)	.570 **	.368 **
Percent of persons with a college degree†	(1980)	-.409 **	-.389 **

†See the data source listed below for definitions.
** Indicates a significance level ≤.01.
*Indicates a significance level ≤.05.
Source: 1980 Census of Population as well as Health Data Summaries for California Counties (1982), California Department of Health Services.

Data prepared by California Cemter for Applied Research, 1988.

The Association of Rural Poverty with Economic Structure

Economic Disorganization. Five variables were significantly associated with rural poverty. Table 13 shows that three were related to both rural and urban poverty. These were: the percentage of unemployment in 1980; percentage of unemployment in 1987; and median family income. The other two variables that are uniquely associated with rural poverty are: percent of un-employment in 1983 (.46), and change in percent unemployment between 1980 and 1987 (.25).

The relationship between the percent of unemployment and poverty indicates that the counties with a high unemployment rate witnessed a higher poverty ratio for both the rural and urban sectors. However, the association proved to be stronger for the rural sector (.37 for 1980, .54 for 1987) than for the urban sector (.11 for 1980, .34 for 1987). This association has become particularly severe for the rural sector (an increase from .37 to .54) compared to the urban sector (an increase from .11 to .34) between 1980 and 1987, indicating that changes in the local economy affect the employment status of residents in rural areas more strongly than in urban areas.

Brown and Deavers (1987:1-4) explain the relationship between the rate of unemployment and poverty at the national level as follows. The rural economy "...had limited employment opportunities for rural workers in the first half of the 1980's. Metro employment grew more than three times as fast (10%) as nonmetro employment (3%) during 1970-85. Slow employment growth has meant that nonmetro areas had more difficulty absorbing new entrants to the work force, and many manufacturing and mining workers who lost their jobs were not able to find alternative employment. Within goods-producing industrial sectors, nonmetro workers are more likely to have blue collar jobs and less likely to have white collar jobs than metro workers. It is precisely these blue collar jobs that are being lost in the American economy. Between 1979 and 1985, white collar manufacturing employment rose 10 percent and blue collar manufacturing declined 15 percent which resulted in an overall job loss in manufacturing of 6 percent."

As shown in Table 13, median family income is negatively associated with both rural poverty (-.57) and urban poverty (-.28). This means that in counties with a lower median income there is a greater likelihood of a higher percentage of families in poverty in both urban and rural areas. However, there is a stronger association between median family income and rural poverty (-.57) than between median family income and urban poverty (-.28) indicating that in counties with lower median family income, families in the rural sector are much closer to poverty than those in the urban sector. At the individual level, changes in the local economy are more likely to force families into poverty in the rural sector than in the urban sector. In rural areas, with lower median incomes, families are generally financially closer to poverty. For a wage earner, a short layoff, a transfer to a lower paying job, or an illness can mean the difference between "making it" and "not making it." Changes in the rural economy are felt more deeply, immediately, and more painfully than in urban areas.

Agricultural Structure. Table 14 illustrates that 6 agricultural variables were associated with rural poverty. Four of these are commonly associated with both urban and rural poverty: percentage of employment in farming, fishing and forestry in 1980; percentage of employed agricultural workers in the total labor force in 1980; and average farm size as measured in acreage in 1978 and 1982. The two variables uniquely associated with rural poverty are: percentage of farm operators and managers in the total labor force in 1980 (.50), and employed agricultural workers per farm operator and manager in 1980 (-.43).

Table 13

Pearson Correlations of Economic Disorganization with Rural and Urban Poverty in California Counties

		% of Persons in Poverty in Urban Areas	% of Persons in Poverty in Rural Areas
Unemployment rate*	(1980)	.108	.371**a
	(1983)	.160	.456**a
	(1987)	.342**a	.537**a
Change in unemployment rate	(1980-87)	.372**a	.254**b
Median family income	(1979)	-.276**b	-.572**a

*See the data source listed below for definitions.
**a indicates a significance level ≤ .01; b indicates a significance level .05.
***Data from 1980 Census of Population and California Employment Development Department reports.

Data prepared by California Center for Applied Research, 1988.

Table 14

Pearson Correlations of Agricultural Structure with Rural and Urban Poverty in California Counties

		% of Persons in Poverty in Urban Areas	% of Persons in Poverty in Rural Areas
Percent of employment in farming, forestry and fishing*	(1980)	.352^{**a}	.573^{**a}
Percent of farm operators and managers*	(1980)	.189	.500^{**a}
Percent of employed workers on farm and related fields*	(1980)	.427^{**a}	.489^{**a}
Employed farm workers per farm operator and manager	(1980)	.083	-.432^{**a}
Average farm size in acres	(1978)	-.236^{**b}	.372^{**a}
	(1982)	-.244^{**b}	.279^{**b}

*Percentage in the total number of employment.

** ^{a} indicates a significance level ≤ .01; ^{b} indicates a significance level ≤ .05.

***Data from 1982 Census of Agriculture.

Data prepared by California Center for Applied Research, 1988.

There is a positive association between poverty and percent employment in primary industries in both the urban (.35) and rural (.57) sectors of California. The correlation coefficient between rural poverty and percent employment in primary industry (.57) is substantially higher than between rurality and the percent of employment in primary industry (.21). This indicates a strong linkage between primary industry and poverty in the rural sector. Furthermore, the strength of this linkage is present not only in the rural sector but also in the urban sector. Although primary industry is negatively associated with urbanization (-.21), it correlates positively with urban poverty (.35). Thus, urbanized counties having a substantial portion of their labor force in primary industry may also show evidence of higher rates of poverty in their urban sector.

The correlations between percentage of employed agricultural workers and urban and rural poverty are significantly positive (.43, .49). The percent of farm operators and managers as a percent of the labor force is also positively correlated with rural poverty (.50). These correlations also support the linkage between primary industries and poverty in both the urban and rural sector, although the linkage in the rural sector is significantly stronger than in the urban sector.

The correlation between the number of employed agricultural workers per farm operator and rural poverty was negative (-.43). Agriculture in more rural counties tends to be less labor intensive as shown by the correlation between the number of employed agricultural workers per farm operator and rurality (-.57). Together these indicate that rural counties with a smaller number of employed agricultural workers per farm operator are likely to have a higher risk of rural poverty. On the other hand, urban counties with a more labor intensive agriculture are likely to be associated with a lower rural poverty ratio.

Average farm size in 1978 and 1982 as measured in acres is correlated positively with rural poverty (.28, .37 respectively) and negatively with urban poverty (-.24 for both of the years). This suggests that counties with larger average farm size are likely to have higher poverty ratios in the rural sector while counties with a smaller average farm size are likely to have a higher poverty ratio within the urban sector. This could indicate that farm operations with a larger acreage size require fewer employed agricultural workers per farm due to higher levels of mechanization, which in turn may be related to a higher rural poverty ratio. On the other hand, farm operations with a smaller acreage size may employ more agricultural workers per farm because of their intensive agriculture. Counties with the latter type of farming operations may have a lower degree of association with rural poverty. However, since the average farm size is correlated positively with rurality (.42) it may be spurious in reflecting the relationship between average farm size and geographic rural/urban differentiation.

Hypothetical Frameworks for the Analysis of the Determinants of Rural Poverty

The previous cross-sectional analysis suggests the necessity of focusing on the individual family unit and county/regional unit in order to understand the causal mechanism of California rural poverty. In this section, the hypothetical frameworks of poverty at both the family level and the county/regional level are clarified through typologies.

Hypothetical Framework of Poverty at the Family Level. An empirical approach for identifying the causes of poverty begins with a distinction between families with members in the labor force and those with members not in the labor force. To be "in the labor force" means that a person

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is either employed or actively seeking a job. Family heads in the labor force are more apt to have access to a prime source of income -- wages, salary and/or fringe benefits -- than those who are not. And the former families are therefore more likely to be above the poverty level.

It remains to be seen why people are not in the labor force, whether they are excluded because of age, sex, discrimination, physical handicaps, or absent from jobs because of labor market barriers or constraints due to a limited number of employment opportunities. Thus, a useful categorization of labor market causes of poverty may be to classify family heads in terms of the following labor force participation characteristics (the first four categories represent the official labor force definitions):

(1) A full-time worker who is working 35 hours or more per week.
(2) A part-time worker who is voluntarily working less than 35 hours per week.
(3) A sub-employed worker who is forced to work less than 35 hours per week.
(4) An unemployed worker who is actively seeking work.
(5) A discouraged worker who desires, but is no longer actively seeking work.
(6) A worker who chooses to be unemployed because of retirement, student status, or homemaking.
(7) A worker who is unable to work due to illness or disability.

Table 15 shows a typology of labor characteristics of those in poverty at the family level. It suggests a set of researchable questions based on these characteristics that need to be tested to determine their relationship to rural poverty in California. These areas of investigation are determined by crossing the labor force characteristics previously described with demographic and employment sector characteristics. The demographic criteria are: race/ethnicity, age, and sex. The employment sector characteristics are: employment in the non-agricultural sector; and farm managers, operators, and laborers in the agricultural sector. By interrelating these characteristics it will be possible to understand not only the distribution of demographic characteristics but also the mechanism impoverishing families through economic activities.

Hypothetical Framework of Poverty at the County/Regional Level. Figures 10 and 11 which present the geographic relationships of counties with rural and urban poverty, also suggest a typology of poverty characteristics at the county level. A combination of the degrees of rural and urban poverty rates creates five types of counties as shown in Table 16. The first of these types is "dual high poverty," which has a high poverty rate in both rural and urban areas. The second type is "high urban poverty," which has a higher poverty rate in urban areas than in rural areas. The third type, "dual moderate poverty," has a moderate poverty rate in both rural and urban areas. The fourth, "high rural poverty," has a higher poverty rate in rural areas than in urban areas. And the fifth type of county, "low poverty," has low poverty rates in both rural and urban areas.

Table 16 suggests a geographical relationship based on these different types of counties. "High urban poverty counties," described previously, are found in Metro Poverty Areas, while "high rural poverty counties" are found in Marginal Poverty Regions. "Dual high" and "dual moderate poverty counties" are found in Intermediate Poverty Regions, while "low poverty counties" are located in suburban areas of Metro Poverty Regions.

Crossing the county typology of rural and urban poverty with the key dimensions in Table 16 suggests necessary areas of research to clarify the mechanisms of rural and urban poverty at the

Table 15

Conceptual Framework of Poverty at the Family Level

	Demographic Characteristics			Employment Characteristics		
					Agricultural Sector	
Families in Poverty by Family Heads' Labor Force Status	Race Ethnicity	Age	Sex	Non-Agricultural Sector	Laborers	Farm Managers/ Operators
Poor in labor force						
(1) Full-time working						
(2) Part-time working						
(3) Sub-employed						
(4) Unemployed						
Poor not in labor force						
(5) Discouraged						
(6) Voluntarily unemployed						
(7) Ill or disabled and unable to work						

Table 16

Conceptual Framework of Poverty at the County/Regional Level

Poor Counties by types of Poverty	Urban Poverty Rate	Rural Poverty Rate	Geographic Characteristics	Demographic Characteristics			Quality of Life			Economic Structure	
				Race/ Ethnicity	Age	Sex	Vital Statistics	Social Dis-organization	Level of Living	Non-Agricultural Sector	Agricultural Sector
Dual high poverty	High	High	Intermediate Poverty Region								
High urban poverty	High	Medium	Metro Poverty Region								
	High	Low									
	Medium	Low									
Dual medium poverty	Medium	Medium	Intermediate Poverty Region								
High rural poverty	Medium	High	Marginal Poverty Region								
	Low	High									
	Low	Medium									
Low poverty	Low	Low	Suburban Region of Metro Poverty Region								

county/regional level. These key dimensions are: demography, such as race/ethnicity, age, and sex; quality of life, such as vital statistics, social disorganization, and level of living; and economic structure, indicating characteristics of the local economy not only in the agricultural sector but also the nonagricultural sector. The first cross-tabulation with demographic variables is important in understanding the characteristics of local poverty, while the second cross-tabulation with quality of life is useful in understanding social problems caused or related to local poverty. The last cross-tabulation with economic structure is crucial for clarifying the causality of local poverty through economic mechanisms.

V. POVERTY AND INEQUALITY CONSIDERATIONS IN MAKING POLICY DECISIONS

In this section, two important points are described which need to be considered in understanding the distribution of poverty in California. The first point discusses the alternative measures to the federal definition of poverty, which indicate that poverty rates are higher in California than previously suspected. This suggests that there is a need to upgrade and expand existing social programs for the poor in California. Second, what is the degree of income inequality in California and how does this compare with the nation overall? The inequality of income distribution has been recognized in the literature as a basic component of relative definitions of poverty (previously described) and it is thus crucial to examine this phenomenon in California. The first point is important to understand in planning the amount of social resources necessary for developing programs serving the poor. Since California is a state that has systematically underestimated the real numbers of poor, it is important to use less biased measures of poverty to describe the real situation. The second point describes the degree of income inequality in California. It stresses the need to understand the linkage of poverty to the economic structure. Without understanding the way in which the economic structure determines who is poor and who is not poor, and the degree to which the resources are evenly distributed in society, it is impossible to understand the causes of poverty in California.

Applying Alternative Definitions to Those in Poverty

Figure 12 shows the relative position of the federal official criteria for poverty as compared to two relative measures of poverty: fifty percent of nationwide median family income and fifty percent of local median family income. The official federal poverty line for a non-farm family with four members (henceforth referred to as the official poverty line) was $11,203 in 1987, while fifty percent of median family income was $14,729 in the United States (henceforth referred to as the US median poverty measure) and $15,868 in California (henceforth referred to as the California median poverty measure) in the same year. The official poverty line accounted for only 76 percent of the US median poverty measure and only 71 percent of the California median poverty measure. Table 17 shows the gap between the official poverty line and the two relative measures. This gap has been increasing throughout the 1980's, as Figure 13 shows.

The percent of families earning less than fifty percent of the median family income has generally exceeded the official federal definition of poverty by one percent during the 1980's. In 1987 there were about one million families in poverty that were not counted under the official federal government guidelines in the United States. In California, the gap between the official federal definition of poverty and the local median family income measure has been increasing in the

Figure 12: Official Definition of Poverty and 50% Median Family Income

(1987)

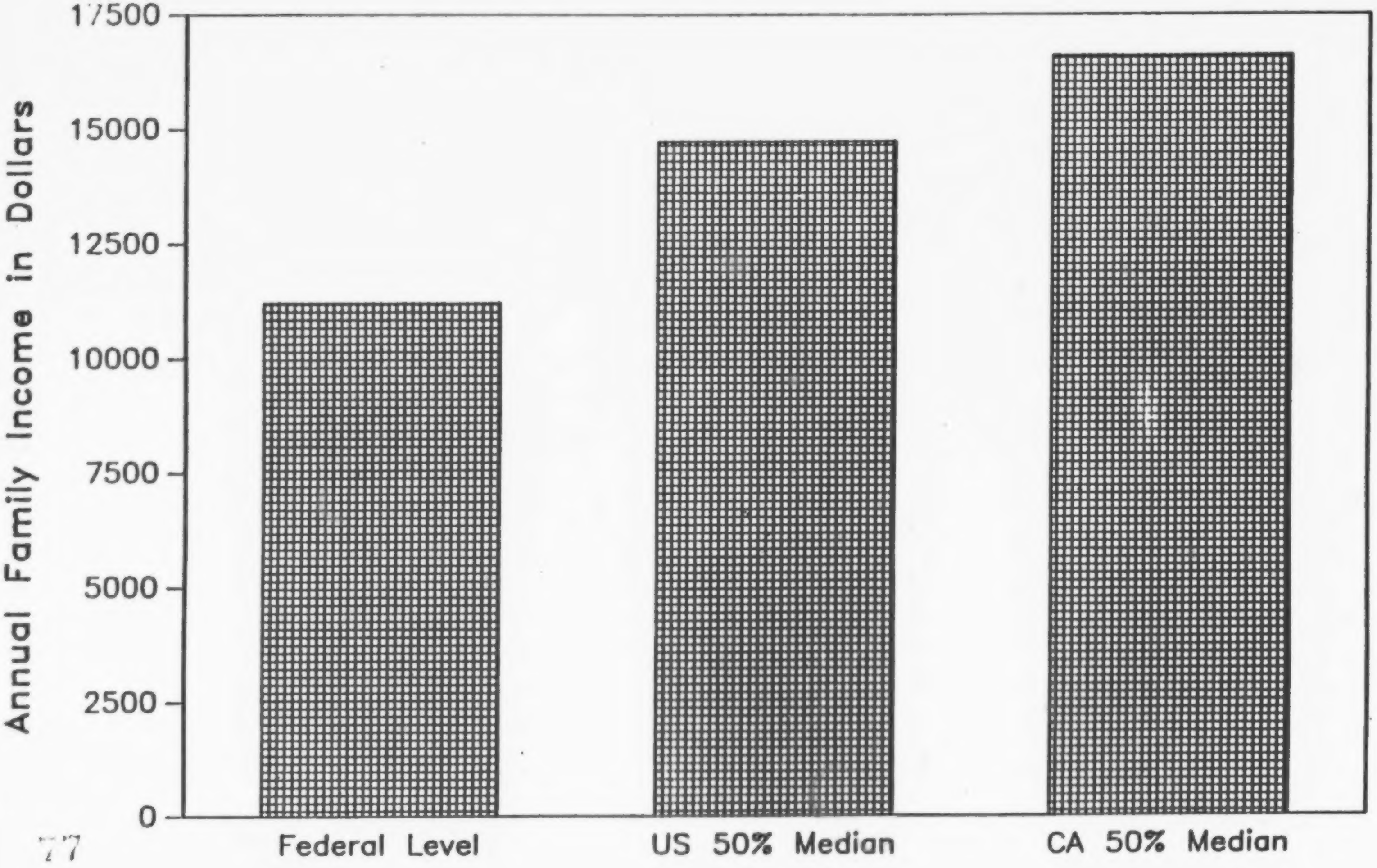

Figure 13: Trend in Official Poverty Level and 50% Median Family Income

(Adjusted by 1987 Dollars)

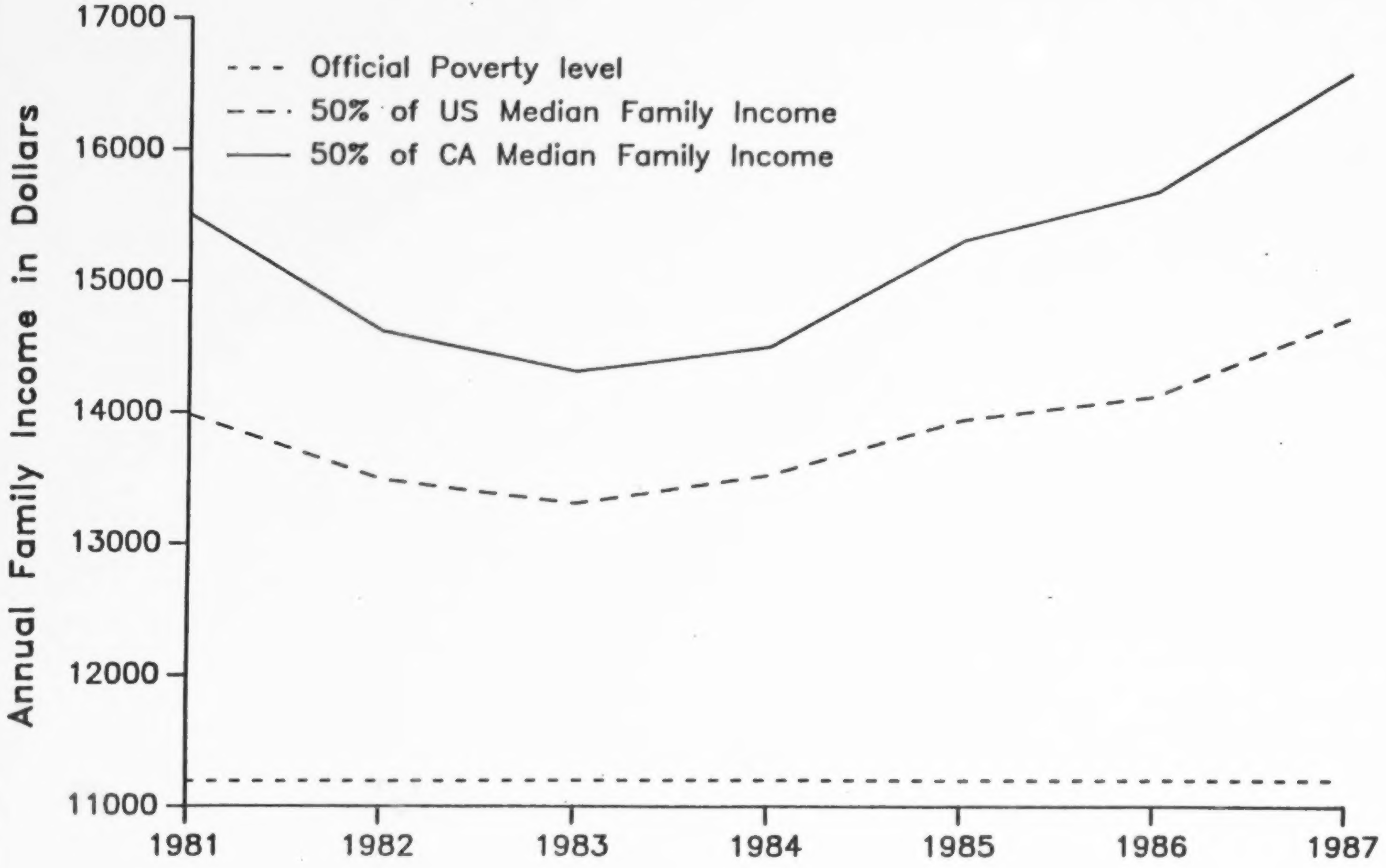

Table 17

Comparison of the Poverty Line for a Family of Four by Different Definitions (1981-1987)

	1981	1983	1985	1986	1987
(as annual income adjusted to 1987 dollars)					
Official government poverty line	11,192(100)*	11,199(100)	11,197(100)	11,199(100)	11,203(100)
50% of median family income in U.S.	13,982(125)	13,305(119)	13,949(125)	14,133(126)	14,729(131)
50% of median family income in California					
By statewide median income	14,294(128)	14,250(127)	14,699(131)	15,288(137)	15,868(142)
By SMSA's median income	14,587(130)	14,675(131)	15,025(134)	15,467(138)	15,995(143)
By Non-SMSA's median income	10,882(97)	10,118(90)	11,454(102)	11,845(106)	12,313(110)

*( ) indicates a cross-sectional comparison in percent as opposed to the federal government pover line.

**Data as of the official government poverty line and median family income in U.S. based on Money Income and Poverty Status of Families and Persons in the United States (1981, 1983, 1985, 1987), U.S. Department of Commerce, Bureau of the Census; data as of median family income compiled from Current Population Survey File.

Data prepared by California Center for Applied Research.

decade of the 1980's. For this reason it is more appropriate to use a locally based median family income standard.

Using the percent of families earning less than fifty percent of local median family income, the poverty level was about 2 percent higher for families than under the official federal definition of poverty during the 1980's. Thus in 1987, there were 888,000 as opposed to 661,000 families in poverty in California. This difference means 227,000 families, or 670,000 persons, are not being counted as poor in California when in fact they are in poverty. States like California which have a higher cost of living and wage level systematically underestimate the real population in poverty within their boundaries. Ironically, California, which is capable of providing a higher level of funding for social programs given its resource base, underfunds social programs designed to help the poor, thereby providing less of a safety net for its citizens than many poorer states. Reflecting this problem, the California legislative analyst's office has shown that the gap between services provided and poverty has continued to grow in California (California Legislature, 1984).

Table 17 shows that in 1981 the California family median poverty measure was $10,882 in non-SMSA counties, while it was $14,587 in SMSA counties in adjusted 1987 dollars. This difference probably reflected wage level differences and, to a lesser extent, cost-of-living differences between non-SMSAs and SMSAs. Also, at that point in time the California median poverty measure for non-SMSAs accounted for only 88 percent of the official poverty line even though the same measure for SMSAs accounted for 118 percent of the official poverty line. Due to the relative decrease in the official poverty line, the gap between the California median poverty measure for non-SMSAs and the official poverty line has been reversed. In 1987, the California median poverty measure was $12,313 for non-SMSAs and $15,995 for SMSAs. This was 110 percent of the official poverty line for non-SMSAs and 143 percent for SMSAs. Even in California non-SMSA counties, since 1986 the official poverty line has underestimated the percentage of persons in poverty.

Income Inequality and Poverty in California

Table 18 shows income inequality in California compared to the nation overall. This was measured by the income distribution between the richest 20 percent and the poorest 20 percent, and the Gini coefficient. The Gini coefficient showed a slight, but steady increase in the gap of income distribution from .358 in 1981 to .393 in 1987 in the United States. Thus, in 1981, the richest 20 percent of American families earned 7.8 times the amount of income as the poorest 20 percent of American families. In 1987, this gap increased to 9.5 times the amount of income. Income distribution in California has shown a similar increase of income inequality in most of this time period, although California's Gini coefficient suggests a slightly better income distribution than in the nation overall. For example in 1981, the richest 20 percent of California families had 7.5 times the amount of income as the poorest 20 percent of California families, while in 1987 it had increased to 8.6 times. This trend is especially clear in urban areas, whereas income distribution in rural areas has tended to be more erratic, depending on the year. For example, in 1983 the Gini coefficient showed a worse income distribution in rural areas than in urban areas, while those in 1981 and 1987 indicated a better income distribution in rural areas. This fluctuation may indicate how strongly people in rural areas are affected by changing economic conditions over time.

Inequality as a growing social phenomenon may become the most important determinant of

Table 18

Income Inequality Measured by Quintiles of Aggregate Family Income and Gini-Coefficients (1981-1987)

	1981	1983	1985	1987
The United States				
% of income held by the richest 20% (A)	40.60	41.94	41.30	41.39
% of income held by the poorest 20% (B)	5.18	4.53	4.49	4.38
Inequality ratio (A/B)	7.84	9.26	9.20	9.45
Gini-coefficient	.358	.386	.392	.393
California				
% of income held by the ridchest 20% (A)	40.29	42.00	41.17	40.27
% of income held by the poorest 20% (B)	5.34	4.69	4.79	4.70
Inequality ratio (A/B)	7.54	8.96	8.59	8.57
Gini-coefficient	.358	.393	.384	.388
SMSA's in California				
% of income held by the richest 20% (A)	40.13	41.61	40.91	40.25
% of income held by the poorest 20% (B)	5.28	4.73	4.89	4.66
Inequality ratio (A/B)	7.00	8.80	8.37	8.64
Gini-coefficient	.357	.389	.382	.388
Non-SMAS's in California				
% of income held by the richest 20% (A)	40.66	45.31	41.98	39.25
% of income held by the poorest 20% (B)	6.42	4.34	4.75	5.96
Inequality ratio (A/B)	6.33	10.94	8.84	6.59
Gini-coefficient	.344	.428	.385	.346

1)Data compiled from Current Population Survey File.
Data prepared by California Center for Applied Research.

quality of life for Americans in this century. This has recently been recognized as a rapidly increasing trend in our society. According to an article by Thurow (1987:30), published in the Scientific American, "The shares of total income going to different segments of the population have changed in such a way that the rich are getting richer, the poor are increasing in number and the middle class has trouble holding its own. The trend can be described as a surge toward inequality." This is a topic that greatly impacts upon our understanding of the causes and solutions to the poverty problem in California. Unequal access to resources is a principal determinant of poverty in our society, and even the introduction of "safety nets" and social programs to help the poor cannot correct for a society whose middle class is declining into the ranks of the poor. Conversely, with diminishing inequality, social programs become less important in that a declining proportion of the total population has need for them.

VI. POLICY AS A SOLUTION TO RURAL POVERTY IN CALIFORNIA

Three questions are considered separately in this section. They are: What causes poverty, and what needs to be done to eliminate it? What programs can be implemented to help ameliorate the effects of poverty? And what contribution should social research make to help bring about a clearer understanding of poverty so that policy decisions can be made which more effectively work towards the reduction of poverty?

The Determinants of Rural Poverty in U.S. Society

At this stage of our research, simplification of the discussion of the causes of poverty and its elimination is necessary for two reasons: first, we need a clearer understanding of the economic forces that have shaped our society into its present form; and second, the causal analysis needed to test our hypotheses has yet to be done. Also, at the system level, the principal determinants of rural poverty are the same that determine poverty in the total interlocking society. Consequently, its solution must also reside at the same higher system level.

Growing Inequality in a Society with a Decreasing Resource Base. Although much has been written about the causes of poverty in social science research over the past thirty years, little of it has been based on a quantitative data base spanning a large enough geographic area to provide the types of insights needed to understand the determinants of poverty in either the United States, U.S. sub-regions, or states such as California. An exception has been the Institute for Research on Poverty at the University of Wisconsin, which has provided the most authoritative research on the causes of poverty to date. Researchers at this institute (Danziger, Gottschalk, and Smolensky, 1985:313) found that cuts during the Reagan administration "...in income-transfer programmes account for about 40 percent of the recent rise in poverty and that increased unemployment accounts for about a third of the increase in poverty." However, the more important question is: Why in this decade are increasing numbers of people being forced into poverty and thus becoming dependent on welfare programs?

There are two interrelated answers to this question. They relate both to the structure of the U.S. economy, which has experienced a declining share of the world market, and to the distribution of wealth produced by the American economy. A research report from the National League of Cities (Ledebur, 1987:1) reported that the "...U.S. is losing ground in the struggle to reduce poverty. The battle is being lost in all regions and in suburbs, as well as in central cities and nonmetropolitan areas. This adverse trend is a striking indicator of the sluggish performance of the national economy. Especially notable is the increase in poverty among those who hold jobs."

During this decade a second trend has also appeared which could be even more threatening to our society than problems with the performance of the U.S. economy. This relates to the growing income inequality which is displacing moderate income Americans into the ranks of the poor and impoverishing the poor to an even greater extent. "The gap between the incomes of affluent Americans and those of low and moderate incomes is growing and has now reached its widest point since the end of World War II" (Center on Budget and Policy Priorities, 1985). The proportion of total income that went to the top 20 percent of all families was 43.5 percent in 1985, while the proportion of total income going to the bottom 60 percent of the population was only 32.4 percent. These are the highest and lowest levels ever recorded since this data was first collected in 1947 (Thurow, 1987:30).

With the United States' economic success shrinking, as shown in the growing trade deficits, there is less wealth to go around and it would seem logical to create governmental policies to decrease economic inequality in order to protect the middle and working classes. Curiously, governmental policy has done just the opposite. Between 1981 and 1983, when the bulk of the current administration's budget cuts were made, about one-third of the cuts made were in programs targeted to low income families, which only comprised approximately one-tenth of the federal budget. The impacts on individual programs that serve low and moderate income persons have been described elsewhere (Center on Budget and Policy Priorities, 1985). These reductions account for a proportion of the poverty increase that the University of Wisconsin's Institute for Poverty Research described (Danziger, Gottschalk, and Smolensky, 1985). While the more recent "revenue neutral" tax changes helped a proportion of those in the lowest income bracket, it also increased the tax burden on the middle class while decreasing the tax burden on the highest income groups. The effect has been the further exaggeration of the growing polarization of income groups.

California's Rural Underclass. A survey by the Homeless Task Force of the state's County Supervisors Association reported patterns of increasing poverty and homelessness in California rural areas. In Mendocino County, for example, the number of persons needing shelter and food doubled between 1980 and 1985 (Beers, 1986). There are probably several different reasons for the growing numbers of poor in rural California. Many of the new rural poor were products of economic change. Rural economies are more closely tied to national and international economies than they have ever been before. The transformation in our national economy has impacted greatly on the rural areas of the U.S. Industrialization created opportunities for unskilled persons to work in rural areas. "It now appears that many jobs in low-wage rural manufacturing are vulnerable to structural change and foreign competition" (Brown and Deavers, 1987). The lower flexibility of rural areas in providing alternative areas of employment meant that many rural citizens who were already the working poor and semi-poor, became the unemployed very poor.

Another factor in the high rates of poverty in California rural areas is due to the in-migration of persons already poor. The comparative advantage of living in areas with a lower cost of living may attract some poor to rural counties. According to Yuba County Supervisor George Deveraux, "You get the same amount of aid whether you live here or San Diego, San Francisco, Monterey. If a family can move, it would be silly not to move where the cost of living is lower"

(Glessing, 1988). Similarly, this may account for the declining rate of poverty in San Francisco. The poor simply cannot afford the cost of living in some urban areas and so have been moving out. This does not necessarily mean that there is a decrease in poverty in these areas. Rather, the official definition of poverty obviously underestimates the actual number of poor because of the higher cost of living in areas such as San Francisco.

Another group of poor migrants are the illegal workers from countries with employment conditions that are generally worse, such as Mexico. While illegal migration has in part accounted for the increase in Hispanic poverty in both rural and urban areas, these migrants are substantially undercounted due to their illegal status in the United States.

While there is no doubt that a rural underclass has developed, it is quite different from the urban underclass that Wilson describes (1985;1987). It is not composed of a group of poor that were left behind when those who were more qualified, luckier, or more talented, left. It is an underclass that is the product of structural change in American society where fewer people have access to jobs that are secure or that pay well. Some fled from higher-priced urban areas where they could not survive economically, or relocated their families from impoverished urban environments that had become too threatening. While the service sector is growing faster than other economic sectors in the rural area, those who are fortunate enough to have service jobs can frequently be counted among the working poor. It is an underclass made up of women and men who lost their jobs because the industries they worked for were not internationally competitive. Related to this, the poor have increasingly become the victims of corporate strategies to relocate plants outside the United States with the blessing of federal tax and trade advantages. Employers have not been required to give their employees a three-month notice, even though workers in the low wage manufacturing or service sector are frequently those least able to plan for the future or prepare for the tragedy of job loss. These are the conditions producing a rural underclass in California and the nation.

The social characteristics of the rural poor in California are radically different from the urban poor, as previously shown in the analysis section. The rural poor are more likely to be either white non-Hispanic or Native American, elderly, or to be in families (particularly female-headed families). Research by the United States Department of Agriculture has come to similar conclusions for the nation as a whole (Morrissey, 1985; Brown and Deavers, 1987). As a component of the rural population in poverty, the farm poor have decreased to a very small proportion, suggesting that farm programs to raise farmers' incomes are not likely to have much effect on the rural poor (Getz and Hoppe, 1983).

Examples of Policy Programs in Rural Areas to Ameliorate the Impact of Poverty

It is unlikely that poverty will disappear or even significantly decline without either a major improvement in the U.S. economy or a redistribution of wealth in the United States. Neither of these are likely to happen in the near future. The first solution is unattainable because: the massive national debt has doubled since 1981; poor short-term managerial decisions regarding manufacturing infastructure investment were made during the past two decades; Asia and Europe have become increasingly competitive with superior and/or less expensive industrial products; and the credit system has not only reduced savings, but has put much of the American working population into a form of debt tenancy. The second solution is even less likely given the present trend of increasing inequality. Thus, poverty programs to help the disadvantaged are becoming more critical during this period in which the safety nets for the poor are deteriorating. This is considered in greater depth through examining first, the relationship between poverty and social service programs, and second, examples of social programs that are especially important to rural California.

Association Between Rural Poverty and Selected Social Service Programs. Seven different social service programs serving the poor were examined using cross-sectional analysis: Food Stamps, Aid to Families with Dependent Children (AFDC), Social Security Insurance and State Supplemental Payment (SSI/SSP), Women Infant Children Services (WIC), Medi-Cal, Medicare, and Community Service Block Grants (CSBG). Measures of these used were: food stamp rate in 1980, percent of persons receiving AFDC in 1984, percent of persons receiving SSI/SSP in 1984, percent of persons receiving WIC services in county population in 1985, percent of persons eligible for Medi-Cal in 1984, percent of Medi-Cal users among eligibles in 1984, percent of persons eligible for Medicare in 1979, and CSBG funding available per person in poverty in 1988.

As shown in Table 19, social services were split as being associated with either rural or urban poverty in California. Three social services were more strongly associated with urban poverty. These were Food Stamps (.29), SSI/SSP (.52), and Medi-Cal (.29). It should be noted that the percentage of persons eligible for Medi-Cal services was more strongly associated with rural poverty (.51) than urban poverty (.43), although those utilizing Medi-Cal services are more likely to be in urban areas (.29) than rural areas (-.18). This indicates that Medi-Cal services are more accessible in urban than rural areas. Problems of access due to transportation, lack of awareness due to communication problems, as well as efficiency problems in delivering services to smaller, more disperse groups of persons in poverty, all contribute to the greater likelihood of service units being delivered in urban as opposed to rural counties.

The two services that were more strongly associated with rural poverty were WIC (.38) and CSBG (.22) which may reflect special efforts by these programs to serve rural areas. For example, a certain minimum level of funding through CSBG grants will be given to each county, including those with a very low population. On paper this may show that persons in poverty in these counties are receiving a larger per capita amount of funding than those in more populated areas. However, efficiencies of scale (administrative costs and service delivery costs) will also be much lower. Because of this, the positive relationship between CSBG funding per person in poverty and the rural poverty rate does not mean that the actual amount of services received by the individual poor are greater than those received by the poor in urban areas. AFDC was approximately the same in degree of association with rural (.43) and urban (.41) poverty, while Medicare has no significant correlation with either, despite the fact that the elderly poor are more likely to be associated with rural poverty.

The Importance of Social Programs in Rural California. The Social Security Program has been one of the few entitlement programs that was actually increased rather than cut since 1980. Because of this the elderly have not only been the one group that has not increased in poverty, but it has had unintended benefits in rural areas having a disproportionately older population (Bradshaw and Blakely, 1987:11-5). Bradshaw and Blakely point out that certain communities in California have benefited by the fact that they tend to spend a greater proportion of their income locally. Thus social programs that re-allocate rather than concentrate wealth may benefit many communities. While the idea of decentralization of political power may be a good one, it needs to be complimented by a decentralization of economic power to work.

Table 19

Pearson Correlations of Social Services with Rural and Urban Poverty in California Counties

		% of Persons in Poverty in Urban Areas	% of Persons in Poverty in Rural Areas
FOODSTAMP rate*	(1980)	.294§[a]	.102
AFDC** recipients as a percent of county population*	(1984)	.415§[b]	.427§[b]
SSI/SSP*** recipients as a percent of county population*	(1984)	.522§[b]	.312§[b]
WIC† recipients as a percent of county population*	(1985)	-.257§[a]	.381§[b]
MEDI-CAL eligibles as a percent of county population*	(1984)	.431§[b]	.506§[b]
MEDI-CAL users as a percent of county population*	(1984)	.293§[a]	-.176
MEDICARE eligibles as a percent of county population*	(1979)	.019	-.146
CSBG†† funding per person in poverty*	(1988)	-.150	.216§[a]

*See the data source listed below for definitions.

**Aid to families with dependent children.

***Social Security Insurance/State Supplemental Payment.

†Women, Infants, Children Services.

††Community Service Block Grant.

§ [a] indicates a significance level ≤ .01; [a] indicates a significance level ≤ 0.5.

§§Data compiled from Health Data Summaries for California Counties (1982,1986), Department of Health Services, State of California, as well as Community Services Block Grant State Plan and Application to U.S. Department of Health and Human Services (Federal Fiscal Year 1988), Department of Economic Opportunity, State of California.

Data prepared by California Center for Applied Research, 1983.

Programs that allow local entrepreneurs to sell their products and maintain the life of communities have benefits far beyond simply helping a particular age group. There are other insights to be gained from the example of the elderly and social security. First, the elderly are recognized as a politically powerful interest group which participates in elections and is well organized. Other groups that are particularly disadvantaged in California, such as Hispanics, need to learn this important lesson. With political organization leading to a high voter turnout, the current conservative trend, represented by a shift to a more suburban-oriented, non-Hispanic white control of the political system, could be reversed. The growing numbers of Hispanics represent the possibility of California becoming a state where the majority of its electorate will have a vested interest in creating social programs that help the poor and the working class.

Education and job training are programs which are especially important to maintain the economic vitality of rural communities. Ross and Rosenfeld (1987) provide a detailed discussion of this in which they point out that the needs for financial aid for higher education will continue to be greater for rural than for urban youths. Rural youths benefit particularly from the expansion of community colleges. The same could also be said for many others since the community college system has become a system which serves the working class. However, just as California's economy has become increasingly polarized into the "haves" and the "have nots," the California state education system has come to reflect this. Current expenditures on library budgets point out this tiered system. "While the library budget for the University of California in the last 10 years has increased by 172 percent and that in the California State University and Colleges system has increased by about 192 percent, the community college library budget has decreased by 3 percent" (Tachibana, 1986). It is not a coincidence that the community college system is the primary vehicle of higher education for minorities and the economically disadvantaged. Increasing the resources to community colleges, even if it means transferring funding from the University of California system and the California State University system, would result in a more equitable distribution of the benefits of higher education to larger sectors of California's population.

California's legislature should be given credit for moderating President Reagan's campaign to cut child nutrition, education, housing, and other programs that serve the poor in California. The cuts in vital social welfare programs have been smaller in California than in states such as Oregon, Michigan, and New Hampshire. According to critics (Sacramento Bee, 1986), since the Reagan administration has attempted to cut social programs drastically, it has also tried to portray these programs as unworthy in order to justify these cuts. In 1986 when a government evaluation of the Women-Infants-Children (WIC) program found that it was in fact effective in providing nutritional supplements to poor pregnant women, their infants, and preschool children to improve their health, the study was buried (Sacramento Bee, 1986). A study published in the American Journal of Public Health (Schramm, 1985) showed that within 30 days of birth, 83 cents for every dollar spent in Medicaid costs was saved because of the WIC program. Other research has shown that sub-populations at higher risk such as teenagers, unmarried mothers, and Hispanics have better pregnancy outcomes when associated with the WIC program (Kotelchuck et. al., 1984). Despite continuing research (Rush, 1985) showing the effectiveness of programs like WIC, budget restrictions have limited WIC participation to only about 40 percent of those eligible (Harkin, 1988). The president of the California Medical Association recently expressed concern (White, 1988 Forum 6) when he said, "There are 40,000 neonatal deaths each year in the United States from complications of low birth weight. Two-thirds of those mothers do not [illegible] adequate prenatal care...[in the near future in California] poor people and those without employment-based health insurance are going to be out of luck, unless there's a shift in policy."

Pragmatically, perhaps more than any other social investment, child care pays off. Studies have clearly documented the importance of prenatal care and quality nutrition for the young. Similarly, programs like Head Start can make the difference between a generation of children who are unable to hold future jobs demanding increased educational skills, or children that will become productive, effective citizens. Preventive measures are "... fiscally more sound than a continued heavy reliance on palliation. To the extent that they are aimed at removing links between poor health, mental incapacity, substandard education, and lack of skill, they lead to making the poor more productive members of society" (Ornati, 1966:129). Despite the overwhelming evidence supporting these programs on the basis of efficiency, cost-savings, practicality and simple morality, they continue to be seriously underfunded. For these reasons, the United States is tied for last place among 20 industrialized countries in reducing infant deaths. According to a report from the Children's Research Institute of California, "California, with the highest birthrate in the country, is contributing to that dismal ranking" (Robinson-Haynes, 1987).

As a final example of programs that can help alleviate the problems of poverty in rural and urban areas, Community Action Agencies (CAA) should be mentioned. These are the designated organizations that were created by the Economic Opportunity Act of 1964 to combat poverty. California Community Action Agencies encompass a network of over 800 community-based nonprofit organizations and public agencies. They are very diverse organizations, some more effective than others, but always with a solid base of control located at the community level. Each CAA undertakes an annual planning process to assess community needs, set priorities and determine the best approach to alleviating the causes of poverty (Bennett and Gwynn, 1985). More than any other poverty programs, the CAA reach across all ethnic/racial and age groups, serve both rural and urban areas, and in general tap directly into community life throughout California. Because of this, the CAA are a natural base for program development to aid the poor. Despite this, the state of California has unfortunately neglected the opportunities which exist to build on the Community Action base that is already in place.

The Difficulty of Carrying Out Applied Research in the Current Environment

A good knowledge base is essential for policy makers at the national, state and local levels. However, in the areas of poverty and inequality, research has been underdeveloped and severely inadequate as a tool for decision making. There are different reasons why universities, as well as governmental organizations charged with carrying out social intervention programs, have generally failed to develop the information bases that allow us to understand the causes of poverty and inequality that could potentially lead to the lessening of these interrelated problems in U.S. society.

Universities. It has been well documented that academic researchers are poorly rewarded for their work in the applied areas affecting social policies (Gwynn and Thompson, 1983; Johnson, 1974). In the area of poverty, research which has attempted to be causal has generally been of very limited use. This is because the extensive longitudinal data bases that are necessary for reliable work in this area have been lacking. The proliferation of "culture of poverty" theories in the 1950's and 1960's, which were subsequently discredited, were largely a product of non-random cross sectional research with poor research designs.[13] The Institute for Research on Poverty at the University of Wisconsin and the Institute for Social Research at the University of

Michigan are examples of university settings where research at its best on poverty is occurring today. Without governmental commitment to funding centers like these, serious university involvement is likely to be peripheral and sporadic. While soft funding for research projects in the area of poverty and social well-being can be very valuable, it will not allow the development and maintenance of the long-term data bases that are necessary for high quality causal research on poverty and inequality. Without this, university research on poverty will be largely "academic" and not useful in providing the knowledge base policy makers need for better decision making (Sanger,1982).

Federal Government. Research within state and federal offices charged with researching or delivering services to the poor is radically different in the types of problems faced from that of university-based research. It is at the federal level that data bases such as the ten year U.S. Census of Population and Housing, the yearly Current Population Survey, and the annual Panel Study of Income Dynamics, are used as the principal databases to measure the level of poverty and inequality in the U.S. As discussed previously, there has been a conservative bias in the determination of the federal official measure of poverty. However, as shown in this paper through the use of these databases, it is possible to create alternative measures which in conjunction with the official definition of poverty provide a more in-depth knowledge on the status of poverty in California and the nation. In addition, at the federal level, the Agricultural and Rural Economy Division of the Economic Research Service of the United States Department of Agriculture has carried out the most comprehensive research at the national and regional level on rural poverty that is currently available.

State Government. The majority of the states produce a report on the status of poverty. There are three basic ways these reports are produced: universities or persons with a university base can be commissioned to prepare reports; social agencies (generally Community Action Agencies) are funded to write a research report; or, as is the case in California, reports are written within regular state agencies, often with the aid of private consultants.

These reports are limited in what they can say or accomplish beyond describing the existing situation using the conventional official definition of poverty and census data, and a description of the social service programs for that state. There are three separate reasons state-generated poverty reports fail to address causal issues of poverty and inequality.

The first, and most important, is political. In situations where heads of departments are political appointees, any reports which could potentially embarrass the governor or political party that gave them their jobs will be censured or in some way sidetracked. This statement should not be taken as criticism of a particular party or governor, but results from our system of political patronage. It is not a coincidence that among all of the poverty reports produced by state agencies on a yearly basis, we could not find any that questioned the policies of those in power. More importantly, none utilized causal analysis to determine what was producing poverty in their states. A way some states choose to avoid or lessen this problem of political bias is by contracting with an independent organization such as a university or Community Action Agency to carry out this research. However, it is essential that whatever independent organization is chosen, it be given full power over the releasing and publishing of results.

A second problem, related to the first, is bureaucratic inertia and turf protection which has led to poorly coordinated state databases on social services. Several years ago, Assemblyman Tom Bates, who chairs the Assembly's Human Service Committee, approached two of the authors on the issue of measurement. He stated that it was often very difficult to tell exactly what particular social service agencies in California were doing and what the degree of overlap between them was. While all were providing services to Californians, they often measured the units of service and the persons receiving them differently and at different points in time. In contrast to the first problem, this is not directly a threat to the governor or political party in power. In fact it would be difficult to find a political party or public official who was not on record in favor of cutting waste and avoiding duplication. Despite this, no administration has attempted to standardize the reporting of persons and households served. No one really knows what the millions of dollars spent on social services buy. Government organizations may be afraid to "rock the boat" by producing data that can clearly be compared among agencies, and thus might be used to redirect resources more efficiently. However, should this issue of standardization be raised before the state legislature, it would probably find wide support among legislators familiar with the problem.

The Advisory Commission of the State of California's Department of Economic Opportunity, should be given credit for its recognition of the importance of accountability. In their recommendations in the 1987 Status of Poverty in California report (Department of Economic Opportunity, 1987:11), they formally recommended that "...the absence of a centralized data collection and reporting format concerning services for the poor indicates such a system be developed and implemented. The implementation of such a centralized system would facilitate the compilation, accuracy and storage of such data. Additionally, positive departmental incentives and accountability for the provision of such services would be realized."

A final problem is finding properly trained social researchers who are capable of carrying out an applied causal analysis using a combination of large databases. Most state organizations, and even many universities, do not have social science staff with these specialized skills. While large states like California have different institutions with persons with these skills, other smaller states may find it necessary to contract with research centers out of the state.

A Base for Applied Social Research on Poverty and Inequality

Ross and Rosenfeld (1987:15-16)) have pointed out that it is important to develop a national database to help policy makers assess how effectively human resource services are being delivered in rural areas, and the effects such programs are having on the rural poor. Databases should also be developed at the state level. The importance of a statewide system to gather data in California has been recognized. Such a system should particularly target populations that are at high risk, such as the very young, Hispanics, and female heads of households (Department of Economic Opportunity, 1986:XX).

Ideally, such a system should be established in cooperation with a consortium made up of the California/Nevada Community Action Association, and other community-based service delivery organizations serving the poor that have statewide organizations in California. Since it is essential that the database be used to serve active ongoing programs, it should be directly linked to their needs for information. Simultaneously, it is important to tie the technical and research expertise of one or more universities to this consortium in order to assure that the necessary research expertise is available. The development of this kind of a base would assure Californians that pragmatic research that is directly useable would be carried out by the groups with the greatest understanding of the needs of the poor. "Action research is useful for broadening the base of local participation in rural economic development. It is a method whereby residents collaborate with economic development specialists to plan, conduct, analyze, and utilize research on issues pertinent to local economic development. The overriding assumption of action research is that usable knowledge is more likely to result from a process that involves local participants" (Ryan, 1987). Broadening the base of local participation would also prevent any one political administration from controlling research activities to the detriment of those in poverty.

Longitudinal research on poverty is also needed. Some of the most promising longitudinal research on poverty in rural areas is based on the Panel Study of Income Dynamics database, which is created from an annual survey of 5,000 American families. Using this database, Ross and Morrissey (1986:2) examined the relationship between rural poverty and persistent poverty and found that "...a disproportionate number of the persistent poor (over one-third) lived in rural areas."

A Prototype Example of Applied Research Fighting Poverty

The most successful attempt at integrating data on the characteristics of the poor with the actual delivery of services to the poor that has been carried out in California up to the present time, was the California State Office of Economic Opportunity (subsequently renamed the Department of Economic Opportunity) funded study, carried out by the CAL/NEVA Community Action Association in 1984 and 1985. Gil Montano, the director of the Office of Economic Opportunity (SOEO) at that time, called it the best money SOEO had yet invested, since in addition to providing a demographic profile of the characteristics of poverty in each county, it surveyed using a standardized format the types of services delivered to the poor, the types of poor served, and the number of units of service delivered. Despite the fact that this was a voluntary survey, 34 of the 42 CAAs participated in surveying over 600 local community based organizations (Bennett and Gwynn, 1985).

It demonstrated that public and private organizations could cooperate and adjust their data collection procedures to provide a better and more detailed knowledge base concerning the poor. This was a surprisingly low-cost research project since most of the labor was volunteered by the CAAs. Its purpose was to develop a yearly longitudinal database that would document the impact of social services on the poor. Combined with demographic data, this would allow for better planning, resulting in greater efficiency in the use of resources. This research program was later cut by the state, but not before it proved that it is possible to create a successful applied research program on poverty in California.

Applied Research to Solve the Problems of Poverty and Inequality

Based on both the CAL/NEVA Community Action experiment, recommendations from the Advisory Commission of the State Department of Economic Opportunity, and findings on research needs to help solve the problems of rural poverty from the literature, the following are suggested:

1. Studies which measure the socio-economic conditions of rural areas are important in assessing the need for continued public programs which assist rural areas (Brown and Deavers, 1987).

2. There is a need to continue collecting updated statistical information on particular segments of the population and geographic areas where trends indicate a disproportionately higher incidence of poverty. In California, special attention must be paid to Hispanics, children, and single female-headed households in poverty. Causal studies need to be targeted to each of these groups.

3. Policies that have attempted to target resources to certain high-need groups have frequently failed. "The tendency for decision makers to view program outputs as `political benefits' tends to transform programs that begin as serious attempts at targeting, into benefits that must be shared equally" (Reid and Long, 1987). A longitudinal system of tracking social service programs would help to measure the effectiveness of targeted programs in reaching the population groups they were designed for.

4. There is a need to determine the impact of state-administered programs to help maximize resources. The question of whether resources are going to the areas with the greatest absolute needs has not been answered. Hundreds of agencies receive funding, but there is no adequate base of primary data on the demographic characteristics of the populations actually being served or even the number of different types of service units being delivered. A centralized system to facilitate the compilation, accuracy and storage of data on this needs to be created.

5. Community-based organizations (CBO's) should develop updated longitudinal profiles on the range, number, and types of services and client characteristics. These should be stored in a computerized data bank under the control of an independent umbrella organization representing these organizations. The CBO's would be able to access this data which, combined with secondary data on the characteristics of poverty in their areas, would allow for greater efficiency and program planning in coordination with other CBO's. For example, by matching demographic characteristics of the client population it would be possible to more accurately estimate the potential success of new programs based on the success of other CBOs that had established parallel projects in areas with similar client profiles. It would also greatly aid in the ability of CBOs to gain grants. This is especially important to social service organizations located in rural areas, which are not likely to have the staff required to seek funding from non-governmental sources.

6. Most importantly, the causes of the increase in poverty and inequality in California over the past decade must be better understood. Depending upon the group affected, the determinants may vary. This is the most difficult problem, and the one that deserves first consideration when ranking the importance of research needed.

APPENDIX A:
METHODOLOGY

The Measurement of Poverty

A number of researchers have commented on the lack of consensus on the proper procedures for measuring poverty, and the multiple and sometimes conflicting measures that have emerged due to this problem (Atkinson, 1987; Hagenaars, 1987; Osmond and Durken, 1979; Rainwater, 1973; Sen, 1986; Williamson and Hyer, 1975; Zimbalist, 1977). One reason for this disagreement is that the measurement of poverty in the United States has been as much a political process as a social-scientific one.

The political process of developing definitions for poverty has been divided between conservatives and liberals. Those with conservative political views such as Banfield (1974), or more recently Murphy (1984), have preferred absolute definitions. Their rationale for an absolute definition is based on the "flawed character" argument, and has focused on motivating individuals to work as a solution to poverty. The "flawed character" argument portrays poor people as having failed to make sufficient effort necessary to lift themselves out of poverty (Schiller, 1980). These conservatives believe that if the poverty line is set above the minimum level required to satisfy basic needs, it will impact negatively on the psychological desire to seek work, and thus result in increased poverty and social problems. However, this perspective also assumes that the following conditions are present: (1) abundant opportunities for financial advancement and, (2) that individuals are in full control of their socioeconomic status. In the absence of either of these two conditions, the "flawed character" argument fails to adequately explain why people are poor. Although we have found no empirical research which supports the "flawed character" argument, this conservative position appeals to values that have long been a part of American society. Michael Katz (1983), who traced poverty and government policy in American history, found that the 1880's were very much like the 1980's under the Reagan administration. During the 1880's the superiority of the private sector became the guideline for public policy. Cuts in welfare were seen as positive -- an encouragement for individuals to work -- and it was thought that private philanthropy would fill any gaps left by reductions in the public sector.

The fundamental problem with the absolutist approach is its vagueness regarding what should be included in defining who is poor beyond the life-sustaining minimum diet. For example, there is a wide range of opinions regarding what the minimum yearly income is for a family of four. Schiller (1980:7) showed that in 1979 the general public thought it should be $11,600, while the federal government defined it as $7,400, and the state of Mississippi as only $1,440. While the official federal measure of poverty is generally considered an absolute definition, researchers have shown that this measure tends to be relative since its poverty thresholds by definition will be proportional to the income distribution (Hauver, Goodman, and Grainer, 1981; TARP, 1980).

The official government poverty line was established in 1964. Molly Orshansky, a government social scientist, believed it was necessary to develop a poverty measure which would not define the population in poverty as being so small that it would be considered insignificant, nor so large that solutions would seem impossible (Orshansky, 1969). Political compromises were made to establish this measure. Orshansky proposed alternative official measures of poverty based on nutritional diet. Four food plans were provided by the Department of Agriculture to be used as a basis for determining poverty measures. The food plan that resulted in a measure showing the smallest U.S. population in poverty was selected, even though it was intended to provide adequate nutrition only on a temporary or emergency basis (Hauver, Goodman and Grainer, 1981; Zimbalist, 1977:37). Molly Orshansky, who has since proposed guidelines she considers more realistic, stated that the Department of Agriculture estimated that only 10 percent of persons spending the allocated food budget would get a nutritionally adequate diet (Zimbalist, 1977:37).

Regardless of the particular political administration, admission that a large number of Americans live in poverty is perceived as not only unpleasant news, but news that should be hidden from the public. The easiest way for governmental organizations to hide information is to avoid measuring the potentially embarrassing problem in the first place so that its existence is deniable.[14] Federal and State governmental organizations hide unpleasant facts through systematic under-funding or by cutting budgets used for the collection of social data, as well as "burying" information within documents having limited distribution. While we may live in an "information" society, vast amounts of data and information pass by unnoticed. Legislators read executive summaries of reports. If the controversial findings in those reports are not highlighted in the summaries, there is less likelihood of the public recognizing their significance.[15]

Despite serious problems with the official definition of poverty recognized at the Census Bureau (Fendler and Orshansky, 1979), it is still the most important and widely used definition of poverty in the United States. It is used in reporting census information in both the Current Population Reports and the Decennial Census. Federal agencies, including Community Services Administration programs and the Departments of Labor and Agriculture, as well as four of the five major divisions of the Department of Health, Education, and Welfare (now the Department of Education and the Department of Health and Human Services) used this definition (Hauver, Goodman, and Grainer, 1981:1).[16] At the state and county level it is frequently the only definition used by government agencies in allocating funds for services to the poor. Given its crucial importance in policy decisions, it was chosen as the principal measure of poverty for this paper. In addition, relative poverty measures are also used in presenting descriptive data on recent rural poverty trends in California.

Relative definitions of poverty, based on the average standard of living of the population at any given time, differ from absolute definitions of poverty in that they are explicitly subjective. Thus poverty is relative depending on the distribution of resources in the society. It is the differential access to resources which enhances quality of life. This definition implies that it is not the absolute standard of living which is important in the measurement of poverty but the distribution of resources between the "haves" and the "have-nots." If real income (controlling for inflation) increases over time, absolute poverty will decrease proportionately. If the relative poor are defined as those on the lowest end of the income distribution, they will remain poor even though absolute poverty is disappearing through an increase in real income. Those preferring relative definitions of poverty tend to be more liberal than those preferring the absolutist definitions. Relative definitions provide a more balanced and complete picture of the evolving status of rural poverty in California, and suggest the need for policies that redistribute access to resources in periods when poverty is increasing.

Based on the literature, three measures of poverty and two measures of inequality were used which are defined below. The first measure of poverty is the official measure provided by the federal government, and the other two are relative measures. One measure of inequality is based on a Gini coefficient (Sen, 1986) and the other on the highest and lowest quintile of earned income. The years 1981 through 1987 were selected since they represent the time period of the Reagan administration. At the beginning of this period a series of dramatic cutbacks in funding of services to the poor were initiated. These actions corresponded with a more conservatively based ideology concerning the causes of poverty. This functionalist ideology also had an impact on income distribution policies for the total population, of which the poor are only one part. One of the principal purposes of this paper is to offer a preliminary mapping of the resultant changes on the lives of rural Californians. Although this research is descriptive and associative rather than causal, it suggests the types of research needed to identify the causal components to rural poverty and inequality.

Working Definitions of Poverty

1. The Official Definition of Poverty. The Bureau of the Census determines poverty status by comparing family income, size and composition, with the federal poverty level, also called the poverty line. For example, a family of four with two children was classified as poor in 1979 if the family's annual income was below the $7,356 poverty line. The poverty line is adjusted each year based on changes in the Consumer Price Index. Thus in 1978 the poverty line for a non-farm family of four was $6,662, while in 1987 the poverty line for that same non-farm family of four was $11,200. In 1987 the poverty line varied from $5,500 for an individual living alone to $18,800 for a family of eight. An area's poverty is measured by its poverty rate, the percentage of its population that falls below the official poverty line. Because of the widespread acceptance of this measure, and its availability at the county level, the official poverty definition is used in both the descriptive and analytical sections of this paper. Our other measures of poverty are used only in the descriptive sections.

2. Percent of Families Receiving Less than Half of the National Median Income. One of the best known measures of relative poverty was developed by Victor Fuchs (1967, 1969). This definition considers those having incomes less than half of the national average as being poor. The national average was $14,157 in 1987. The advantage of Fuchs' measure "...over simpler relative definitions is that it distinguishes the elimination of poverty from the elimination of inequality" (Schiller, 1980). Therefore, the elimination of poverty can occur through a reduction in inequality as opposed to the complete elimination of inequality.

3. Percent of Families Receiving Less than Half of the Local Median Income. A criticism made of both the official federal definition and some relative definitions of poverty is that they do not take into account different local conditions, such as the cost of living and relative salaries. This measure is the same as Fuchs' measure of poverty but is based on the median income of the local area rather than the median income of the nation as a whole. In California this figure was $15,868 in 1987. The higher median income in California reflects the higher cost of living in our state. Since the federal official definition of poverty for a family of four is only $11,200, the official federal measure of poverty in states such as California is seriously underestimated.

Working Definitions of Inequality

1. Lowest Quintile of Aggregate Income Among Families. This is a simple relative measure of poverty which calculates the percentage of total personal income earned by the poorest fifth of the local families among all families in the nation. This particular measure is closely tied to the inequality of income distribution. The total personal income earned by the highest quintile or fifth of all families is also given for comparison to understand the concentration of income.

2. Gini Coefficient of Inequality. The Gini coefficient is a measure of resource distribution within a given area. It is computed by determining the percentage of total income earned by the poorest 10 percent of the population, the percentage earned by the poorest 20 percent of the population, the poorest 30 percent, etc. In the instance of perfect equality, the poorest 20 percent of the population would earn 20 percent of the total income, etc. The values for each of these percentages is plotted, a curve is fitted to these points, and finally the area under this curve is divided by the area of a "perfect equality" curve. The resulting value can range from 0.0 (perfect inequality) to 1.00 (perfect equality). The higher the coefficient, the greater the equality of the distribution of income.

Appendix A

Comparison of the Poverty Line for a Family of Four by Different Definitions (1981-1987)

	1981	1983	1985	1986	1987
(as annual income adjusted to 1987 dollars)					
Official government poverty line	11,192(100)*	11,199(100)	11,197(100)	11,199(100)	11,203(100)
50% of median family income in U.S.	13,982(125)	13,305(119)	13,949(125)	14,133(126)	14,729(131)
50% of median family income in California					
By statewide median income	14,294(128)	14,250(127)	14,699(131)	15,288(137)	15,868(142)
By SMSA's median income	14,587(130)	14,675(131)	15,025(134)	15,467(138)	15,995(143)
By Non-SMSA's median income	10,882(97)	10,118(90)	11,454(102)	11,845(106)	12,313(110)

*( ) indicates a cross-sectional comparison in percent as opposed to the federal government pover line.

**Data as of the official government poverty line and median family income in U.S. based on Money Income and Poverty Status of Families and Persons in the United States (1981, 1983, 1985, 1987), U.S. Department of Commerce, Bureau of the Census; data as of median family income compiled from Current Population Survey File.

Data prepared by California Center for Applied Research.

APPENDIX B:
DATA SOURCES

Two principal sources of data were chosen to be used in this research. These were the 1980 Census of Population and Housing, and the Current Population Surveys (1981, 1983, 1985, 1986, 1987). These served different functions in this research.

1. 1980 Census of Population. The most accurate source of poverty related data at the individual, family, and household levels is the Census of Population. This census is conducted every 10 years, the latest in 1980. It is only with this ten year census that we are able to accurately assess changes in social well-being for units of analysis smaller than national regions or major metropolitan areas. This is especially true for the less populated rural areas. For this reason, measures of poverty in the analytical sections of this report rely exclusively on the 1980 Census of Population.

2. Current Population Survey. The Current Population Survey (CPS) is a nationwide survey conducted by the Department of Commerce to provide up-to-date statistics on the labor force. In March of each year, in-depth demographic data on labor is gathered.[17] In the descriptive part of this paper, the CPS reports conducted in 1981, 1983, 1985, 1986, and 1987 were used to determine changing trends in poverty since the 1980 Census of Population and Housing.

Discretion should be used when comparing data from the Current Population Survey to the 1980 Census of Population for two reasons. First, the 1980 Census of Population is intended to be a 100 percent enumeration of the population. While some questions are not asked of all households, block sampling is used and the responses are extrapolated to the population of the block at large. Since populations at the block level tend to be very homogeneous, the data retains a very high level of validity. In contrast, the Current Population Survey data is based on questions asked of a very small sample of the total population and sampling errors are correspondingly larger. Second, the method used to draw the sample for the Current Population Survey is not intended for the development of accurate poverty statistics for units of analysis which are smaller than regional divisions of the United States. The rationale for conducting the Current Population Survey is to track employment and labor force statistics. Since most employment is in highly urbanized areas, the CPS sampling techniques are heavily weighted toward the Standard Metropolitan Statistical Areas (SMSA's). Rural areas are systematically under-sampled. Variables which display inherent rural/urban variations, such as poverty and income measures, are particularly difficult to measure accurately. This is especially true since 1986 when the sample size of non-SMSA's was reduced by more than 50 percent. Nonetheless, the Current Population Survey is an accurate (within the standard error of the sample) means of ascertaining demographic change in the population over time, and thus is useful in descriptive poverty statistics.

Because California has a large number of Standard Metropolitan Statistical Areas, and over ninety percent of its population reside within these SMSAs, a study conducted at the Institute for Research on Poverty at the University of Wisconsin (Ross and Danziger, 1986) found that the standard error for California is the lowest among all states.[18] The eight SMSAs which are sampled are: Anaheim/Santa Ana/Garden Grove, Los Angeles/Long Beach, Sacramento, San Bernardino/Riverside/Ontario, San Diego, San Francisco/Oakland, San Jose, plus an aggregated category of unidentified SMSAs. The population sampled in non-SMSA areas of California has consistently been very small. A ninth category representing these non-SMSA areas is used as a proxy for rural areas. The same analytic strategy was recently used to derive updated estimates of poverty by California's Department of Economic Opportunity (1987). A list of counties found in each of these categories is provided (see Appendix A).

All of California's SMSAs except San Francisco include rural populations, and many of the counties listed under the aggregated non-SMSA category include urban populations. The CPS reports are not appropriate for a detailed comparative statistical analysis of differences in characteristics of rural and urban poverty in California. Despite these problems the Current Population Survey is the only longitudinal database available which can be used to examine changes in the characteristics of California's rural poor since the 1980 Census.

3. Other Available Databases. A variety of other statistical data sources were used in the analytical research sections of this report. The most important of these were the 1982 Census of Agriculture and state of California publications issued by the departments of Health Services, Employment Development, Finance, Housing and Community Development, and Economic Development.

APPENDIX C:
GLOSSARY

AFDC	Aid to Families with Dependent Children, eligible to receive a "Family Grant". A Family Grant goes to a single parent with children under age 18 at home, according to regulations of the California Department of Social Services. Cash grants are provided bi-weekly to needy families with children if one or both of the parents are not present.
ALCOHOL ABUSE TREATMENT CLIENTS	Includes persons in all modes of service categories (medical detox, recovery home, non-residential outpatient, etc.) as of September 30, 1980.
COMPARATIVE MORTALITY FIGURE (CMF)	For the purpose of comparing death rates from county to county it is necessary to eliminate the effect of differences in the age structures of each county. The CMF index does this by expressing the direct age-adjusted rate as a ratio to the crude death rate for California as a whole. See Age-Specific Death Rates and Mortality Indexes for California Counties, 1973-1977 by Anthony Oreglia and Michael Ricketts. Center for Health Statistics, Department of Health Services, California, July 1981.
CSBG	Community Services Block Grant (CSBG) funds are designed to enable low-income families and individuals to attain the skills, knowledge, motivation, and opportunities necessary to achieve self-sufficiency. These funds are used to provide a broad range of services and activities at the community level.
DISCOURAGED WORKERS	Those who are not actively looking for work but would take a regular job if offered.
DRUG ABUSE TREATMENT CLIENTS	Includes persons in all modalities (drug free, detoxification, methadone maintenance, and other) and in all environments except prison (outpatient, residential, day care, and hospital inpatient), as of September 30, 1980.
ELIGIBLE LABOR FORCE	Those civilians over the age of 16 who are currently working or actively looking for work as well as the "discouraged."
FBI CRIME INDEX	A composite index representing eight serious crimes as measured by offenses coming to the attention of the law enforcement community. These consist of: murder and nonnegligent manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft and arson.

FOOD STAMP PROGRAM	Provides improved levels of nutrition to low-income households by offering eligible households food stamps at no cost. The amount of food stamps a household receives will depend on their net adjusted income.
FULL-TIME WORKERS	Those who are currently working 35 or more hours per week or who are currently working less, but usually work 35 hours or more per week.
INFANT DEATH RATE	Number of infant deaths per 1,000 live births.
LOW BIRTHWEIGHT	A live birth or fetal death weighing less than 2,500 grams.
MARRIAGE RATE	Number of licensed and non-licensed marriages per 1,000 total population.
MARRIAGE DISSOLUTION RATE	Number of marriage dissolutions per 1,000 total population; includes final decrees of dissolution of marriage, judgment of nullity, and legal separation.
MEDI-CAL PROGRAM	The primary state program offered to low-income Californians which is directed towards meeting their health care needs.
MEDI-CAL ELIGIBLES	Number of average monthly eligibles; includes those persons eligible for Medi-Cal benefits for which providers are reimbursed on a fee-for-service basis; prepaid health plan enrollees and refugees are excluded.
MEDI-CAL USERS	Number of average monthly users; a "user" is a Medi-Cal eligible person who received a Medi-Cal benefit for which a fee-for-service provider was reimbursed.
PART-TIME WORKERS	Those who are currently voluntarily working less than 35 hours per week.
PERCENT WITH INADEQUATE PRENATAL CARE	Number of births in which there was no prenatal care visits reported, or care began in the third trimester, as a percent of all live births with reported prenatal care.
REHABILITATION SERVICE	Includes persons in service statuses 14-24 (opens CLIENTScaseload, under plan), status 26 (closed caseload, not rehabilitated after rehabilitation plan initiated) as defined by the Program Evaluation and Statistics Branch of the Department of Rehabilitation.
RELATIVE NEED INDEX (IMPROVED)	This improved index represents a modification of a relative need index developed by the Department of Health Services for the State of California (see Data Matters, Report # 83-05066). In the improved index for 1979-1981, only nine of the original twelve

indicators were used. These were: percent population below poverty (1989), median family income (1979), percent aged 25 or over not completing high school (1980), percent population that are Medi-Cal eligible (1980), age-adjusted death rate (1979-81), infant death rate (1979-81), percent aged 16-64 with work-limiting disability (1980), percent births with low birth weight (1979-81), and population per non-federal physician (1980). This was because three of the indicators of the original index (percent population aged 65 or older, percent population black, and percent population Hispanic) were not considered to be directly related to social needs.

RURAL AREAS	Areas which are not urban. Thus a rural classification need not imply farm residence or a sparsely settled area since a small city or town is rural as long as it is outside an urban area or has fewer than 2,500 inhabitants.
RURAL COUNTIES	Defined as Non-SMSA counties in this study.
SMSA	Standard Metropolitan Statistical Area, a contiguous geographic area with a population of 50,000 persons or more.
SSI/SSP	Supplemental Security Income/State Supplementary Program (SSI/SSP) provides cash grant assistance to elderly, blind or disabled persons who meet the program's income and resources requirements.
SUB-EMPLOYED WORKERS	Those who are forced to work less than 35 hours per week.
UNEMPLOYMENT RATE	Annual average number of unemployed persons as a percent of the civilian labor force; not seasonally adjusted.
UNEMPLOYED WORKERS	Those who are actively looking for work.
URBAN AREAS	Urbanized areas and places of 2,500 or more inhabitants outside of urbanized areas. The definition of urbanized area is a population concentration of at least 50,000 inhabitants, generally consisting of a central city and the surrounding, closely settled, contiguous territory (suburbs).
URBAN COUNTIES	Defined as SMSA counties in this study.
WIC	The Women, Infant and Children Supplemental Food Program (WIC) is a federally funded nutrition program for low income women and children at risk of developing nutritional deficiencies. It provides supplemental food and nutrition education to eligible persons.

WORK INJURY RATE	Number of reported disabling work injuries per 1,000 average monthly employment covered by the unemployment insurance code.
YEARS-OF-LIFE-LOST INDEX (YLL)	Unlike the CMF index, the YLL does not put undue emphasis on the death rates in the older age groups. The YLL stresses mortality in the younger age groups which are more amenable to preventive health intervention. It is based on the number of years lost through the failure of individuals to live to the age of 70. Thus the deaths of persons beyond this age are excluded in this measure.

Appendix D

County Profiles

SMSA Counties	Population	% Of Rural Population	Poverty Rate	Urban Poverty Rate	Rural Poverty Rate
Alameda	1,105,379	1.08	11.3	11.4	6.2
Butte	143,851	29.30	15.0	16.9	10.4
Contra Costa	656,331	2.96	7.6	7.6	7.1
Fresno	514,621	21.74	14.5	14.7	13.8
Kern	403,089	18.00	12.6	12.5	13.1
Los Angeles	7,477,421	1.14	13.4	13.5	7.9
Marin	222,592	6.62	6.9	6.6	11.4
Monterey	290,444	22.54	11.4	11.8	10.1
Napa	99,199	19.31	8.1	8.7	5.8
Orange	1,932,709	0.31	7.3	7.3	7.8
Placer	117,247	49.54	8.6	8.8	8.4
Riverside	663,166	17.50	11.3	11.1	12.4
Sacramento	783,381	3.96	11.2	11.3	9.2
San Bernardino	895,016	9.86	11.1	11.0	12.1
San Diego	1,861,846	6.75	11.3	11.4	10.6
San Francisco	678,974	0.00	13.7	13.7	.0
San Joaquin	347,342	17.59	13.3	14.1	9.4
San Mateo	587,329	1.81	6.1	6.1	5.4
Santa Barbara	298,694	8.98	10.6	10.9	8.1
Santa Clara	1,295,071	2.27	7.1	7.1	8.3
Santa Cruz	188,141	18.70	12.2	12.8	9.7
Shasta	115,715	45.37	10.9	11.2	10.6
Solano	235,203	5.78	9.4	9.6	6.4
Sonoma	299,681	34.07	9.5	9.7	9.1
Stanislaus	265,900	19.00	11.9	12.2	10.8
Sutter	52,246	32.86	11.3	11.9	10.0
Tulare	245,738	37.73	16.5	16.6	16.3
Ventura	529,174	5.40	8.0	7.9	9.6
Yolo	113,374	17.95	15.9	16.7	12.2
Yuba	49,733	28.70	16.1	17.6	12.3

Appendix D (cont.)

Non-SMSA Counties	Population	% Of Rural Population	Poverty Rate	Urban Poverty Rate	Rural Poverty Rate
Alpine	1,097	100.00	18.8	.0	18.8
Amador	19,314	100.00	9.0	.0	9.0
Calaveras	20,710	100.00	10.1	.0	10.1
Colusa	12,791	68.05	10.7	10.1	11.0
Del Norte	18,217	67.50	12.7	13.7	12.2
El Dorado	85,812	57.48	8.7	8.8	8.6
Glenn	21,350	58.97	13.1	12.0	13.9
Humboldt	108,525	43.59	14.3	14.7	13.8
Imperial	92,110	30.02	15.3	14.9	16.3
Inyo	17,895	81.37	10.2	8.5	10.6
Kings	73,738	66.44	14.6	14.9	14.1
Lake	36,366	76.19	13.3	14.6	12.9
Lassen	21,661	69.90	10.3	12.6	9.3
Madera	63,116	52.27	15.7	16.4	15.1
Mariposa	11,108	100.00	11.5	.0	11.5
Mendocino	66,738	68.44	12.3	11.2	12.8
Merced	134,558	37.73	14.7	13.9	16.1
Modoc	8,610	64.87	14.5	10.3	16.8
Mono	8,577	54.19	11.2	6.0	15.6
Nevada	51,645	87.03	8.7	12.7	8.1
Plumas	17,340	74.33	9.7	6.5	10.8
San Benito	25,005	54.06	13.0	14.1	12.1
San Luis Obispo	155,435	24.25	13.7	14.7	10.6
Sierra	3,073	100.00	12.9	.0	12.9
Siskiyou	39,732	70.72	12.1	8.7	13.5
Tehama	38,888	63.34	12.9	13.4	12.6
Trinity	11,858	76.81	11.4	7.1	12.7
Tuolumne	33,928	90.89	11.9	10.9	11.4

* Data compiled from 1980 Census of Population.
Data prepared by California Center for Applied Research.

Appendix E: Number of Households Surveyed in CPS

	1981		1983		1985		1986		1987	
	Total	Pov**	Total	Pov	Total	Pov	Total	Pov	Total	Pov
United States										
All households	65,731	9,031	59,211	8,915	59,799	8,367	58,935	8,138	58,279	7,960
White (R)*	58,059	6,820	52,167	6,730	52,482	6,260	51,702	6,149	50,913	5,941
Black (R)*	5,974	1,900	5,457	1,866	5,748	1,821	5,663	1,696	5,742	1,730
Hispanic (E)*	5,014	1,187	4,637	1,269	4,877	1,253	4,791	1,247	4,780	1,245
Others (R)*	1,698	311	1,587	319	1,569	286	1,570	293	1,624	289
California										
All households	5,704	605	5,608	727	5,458	657	4,845	577	4,755	534
White	4,991	489	4,846	591	4,786	524	4,224	489	4,119	440
Black	389	68	422	99	331	76	303	43	309	52
Hispanic	1,242	218	1,261	289	1,266	257	1,203	265	1,158	228
Others	324	48	340	37	341	57	318	45	327	42
SMSAs										
All households	5,380	565	5,232	662	5,091	591	4,708	553	4,616	513
White	4,690	452	4,495	532	4,438	465	4,095	465	3,988	421
Black	381	66	412	97	320	73	299	43	307	52
Hispanic	1,152	201	1,177	268	1,208	240	1,188	259	1,147	223
Others	309	47	325	33	333	53	314	45	321	40
Non-SMSAs										
All households	324	40	376	65	367	66	137	24	139	21
White	301	37	351	59	348	59	129	24	131	19
Black	8	2	10	2	11	3	4	0	2	0
Hispanic	90	17	84	21	58	17	15	6	11	5
Others	15	1	15	4	8	4	4	0	6	2

*(R) indicates a racial group; (E) indicates an ethnic group.

**Randomly sampled households which fall in the category of poverty under the official federal definition.

†Data compiled from Current Population Survey File.

Data prepared by California Center for Applied Research.

ENDNOTES

[1] See Appendix A for a discussion of methodology. The difficulty of separating rural from non-rural poverty in census data is discussed, as well as the difficulties introduced by the systematic under-counting of the rural population in sampling procedures used by the U.S. Census Bureau in their Current Population Surveys. In Appendix B the data sources used in this monograph are discussed.

[2] Poverty rates, unless otherwise defined refer to the official definition of poverty which is published by the Bureau of the Census, U.S. Commerce Department. The official definition has been previously defined in this paper.

[3] Data taken from Current Population Tapes for the years indicated.

[4] Persons of Hispanic origin or descent are those who classified themselves in one of the specific Hispanic origin categories in the surveys carried out by the U.S. Bureau of Census. It should be noted that persons of Spanish origin can be of any race and thus this category is not mutually exclusive with the categories white or black as used in this report.

[5] Data on poverty status by race/ethnicity in California came from the California Almanac, 3rd edition, 1987. Edited by James Fay, Anne Lipow, and Stephanie Fay. Santa Barbara: Pacific Data Resources, page 250.

[6] While the rate of poverty for children under six years of age may have reached as high as 43.9 percent in rural areas in 1986, the smaller sample size makes such estimates statistically unreliable for the time period after 1985, although the steadily increasing poverty ratio provides some validity to this measure. Because the earlier estimates of poverty for this age group were based on a larger sample size, they tend to be more reliable.

[7] *Not employed* as a category differs from *unemployed* since *unemployed* consists only of persons looking for work, while *not employed* includes those looking as well as those discouraged (i.e. not looking for work).

[8] Rurality is defined as the percentage of rural population in the total population in a given county.

[9] The significance level chosen in this paper was set at .05.

[10] A factor coefficient of .5 or higher was chosen in this paper to determine variables that strongly loaded on the specified factor dimension. This means that we selected the variables, 25 percent of whose total variance was explained by the specific factor.

[11] See Oregia, Anthony and Michael Ricketts, Age-Specific Death Rates and Mortality Indexes for California Counties, 1973-77. Center for Health Statistics, State Department of Health Services, Sacramento, California, July 1981.

[12] This improved index represents a modification of a relative need health index. See "A relative need index for California Counties 1979-81" Data Matters, Report # 83-05066. The California Center for Health Statistics, Department of Health Services, State of California, Health and Welfare Agency: May, 1983. In the improved index for 1979-1981, only nine of the original twelve indicators were used. These were: percent population below poverty (1979), median family income (1979),

percent aged 25 or over not completing high school (1980), percent population that are Medi-Cal eligible (1980), age-adjusted death rate (1979-81), infant death rate (1979-81), percent aged 16-64 with work-limiting disability (1980), percent births with low birth weight (1979-81), and population per non-federal physician (1980). This was because three of the indicators of the original index (percent population aged 65 or older, percent population black, and percent population Hispanic) were not considered to be directly related to social needs.

[13] For a list of references to this literature see Appendix A of A Geography of American Poverty by Douglas Gwynn, Edward Dolber-Smith, and Christopher Dunford. Meals for Millions Foundation, Davis, October 1986.

[14] California representative Leon Panetta recently referred to this when he said, "There is no hunger problem because after eight years in office, the administration has not identified an acceptable methodology to measure hunger" (Sinclair, 1988).

[15] For additional information see Sachs' article on "Toward a political economy of poverty research: a critique from right to left" in Applied Poverty Research edited by Richard Goldstein and Stephen Sachs. Totoma, New Jersey: Rowman and Allanheld Publishers (1984).

[16] The Department of Housing and Urban Development (HUD) generally uses poverty definitions based on median income.

[17] Persons sampled are asked to report their income for the previous year but their work status at the time of the interview. Because of this, all income-based measures, such as the measures of poverty, are reflecting the previous year reported, while other variables such as employment status reflect the current year in which the sample is gathered. Since the CPS uses a cross-sectional as opposed to longitudinal sample, it is not possible to match individual respondents between years. Therefore this study reports CPS data on the basis of the year in which the sample was taken. For more detailed information see the Current Population Survey: Annual Demographic File, 1987, U.S. Department of Commerce, Bureau of the Census, Washington, D.C.

[18] Ross and Danziger (1986: Table 1) reported the standard error for the percent of Californians living in units with cash incomes below the poverty line for the years 1978 to 1983 as follows: .56 (1978), .57 (1979), .57 (1980), .62 (1981), .63 (1982), .63 (1983). Given the estimated poverty rate for each of these years, the standard error is well within the limits of statistical acceptability.

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DISCUSSION
RURAL POVERTY

Moderator :	Leo Estrada
Discussants:	Valeriano Saucedo Juan Vicente Palerm

RURAL POVERTY

Paper:	"California's Rural Poor: Trends, Correlates, and Policies," Doug Gwynn, Will Rochin, Yoshio Kawamura, Edward Dolber-Smith
Moderator:	Leo Estrada, UCLA
Discussants:	Val Saucedo, CRLA Juan Vicente Palerm, U.C. Santa Barbara

The following statements are edited excerpts from the spoken comments of the two discussants. Changes in wording have been made on occasion for clarification. The questions and comments following the presentations of the discussants are also included in edited form.

Val Saucedo, CRLA

In reaction to this paper, I started from the premise that "figures lie and lies figure." Many times when you look at statistics it is very difficult to look beyond them to associate the numbers with what is happening in the communities. For instance, I was struck by what I have seen in some of the studies on migrant farm workers where it is reported that 70 percent of the migrants are white, something that is clearly not true. The same study shows that 25% of the migrants live above the poverty line, but I've not run into any of those folks. So this has caused me to be really skeptical when I look at figures. But I'm encouraged by the work put into this paper because the figures they have come up with more closely approximate reality in the rural communities.

In terms of recommendations for this paper, I would say that we definitely need more data sources that would identify more readily the degree of rural poverty and poverty trends which match up with the reality we face. Doug mentioned the use of a conservative definition of poverty. Our experience in the field confirms that poverty is much greater than what that definition would have us believe.

The paper needs to deal more with the question of labor displacement. There is a myth that with increased mechanization or the inflow of new cheap labor, the rural workers that are displaced go on to other jobs in urban areas. I don't think that is happening any more because we have pretty much "maxed out" on productively absorbing more labor into urban or rural areas. This issue is dealt with in the paper by talking about systemic rural poverty and a rural underclass. ("...It is not produced by a group of the poor that were left behind when those who were more qualified, luckier, or more talented left. It is an underclass that is the product of structural change in American society where fewer people have access to jobs that pay well."). We are seeing this in the rural areas of California. When workers are displaced by mechanization or the influx of new labor, there is nowhere for them to go. That reality needs to be traced statistically.

Regarding the issue of destabilization, we need to understand what are the political and economic strategies for the destabilization of the domestic labor force. We need to develop our own strategy for dealing with this because it is going to be a continuing problem in rural areas.

Another area of interest in the paper is the notion of "shrinking resources." In the year 2020 there will be about 15 million Hispanics in California, but by that time the resources will not be there. I'm reminded of a story about a kid in the 1st grade who attended a high school graduation and saw another kid get a great big award for being valedictorian. When he got to high school he also received an award for being valedictorian, but it was a much smaller award. That is what is happening in rural California with shrinking resources.

This is also true with respect to social service programs. We have less resources available for a greater number of folks.

We need to address why the information in this paper is useful. First of all, it is useful for understanding the issues that are out there, and secondly, it is useful for developing policy responses to those issues. The third point is that, given this information, we need to reassess our fundamental social service programs, such as housing, health and nutrition. In particular, if it is true that in 2020 Hispanics will reach 15 million, then we have to start focusing on educational opportunities.

The final message is that it is very important to link research with practitioners so that the researchers know what is important in terms of community needs and so that practitioners are given the opportunity to help to identify research priorities.

Juan Vicente Palerm, U.C. Santa Barbara

The paper focuses on the growing problem of rural poverty in California in a better way than what I have seen in the past. Nevertheless, I will take issue with a number of points.

It seems that the poorer the data, the more sophisticated the analysis becomes. This is fine to a certain degree, but it also tends to separate us, to take us further and further away from the social human reality which we can observe just a few miles from where we are sitting.

Along with this type of quantitative research, there also has to be a very strong effort to come into contact with that specific reality of rural poverty. As a social anthropologist, I have a special interest in that kind of research effort. The paper discusses how urban poverty has grown because of economic recession in the "rust belt" and other parts of the United States. Through the closing of factories there has been increased unemployment and poverty in urban areas. The paper suggests that rural areas in the U.S. and in California have been going through a similar process with the industrialization of agriculture, with fewer jobs available in agricultural areas.

I would take issue with this sort of analysis. In terms of my own research, and I think of other colleagues as well, it is not difficult to show that the main sectors of rural poverty in California are located in agricultural areas that have enjoyed sustained high growth rates in the past twenty years. Rural poverty here in California corresponds to areas of economic growth, not to areas of economic crisis.

Along the coast and in parts of the San Joaquin Valley, growers have shifted in the last fifteen to twenty years from capital-intensive, machine-run crops to labor-intensive crops. These are high-value specialty crops that require an enormous amount of labor...row crops, fruits, vegetables, flowers. It is in these rural areas where we have documented a process of settling down of farm workers, of immigrant workers, and of the formation of enclaves of rural poverty.

From information gathered in the field, I would like to describe to you the characteristics of a Chicano-Mexican enclave, and the conditions of poverty in these rural communities.

Enclaves are small rural towns where the immigrant population has been settling down in increasing numbers in the last 15- 20 years. For example, the town of Guadalupe had 3,000 people in the 1960s, 18 percent of Mexican origin, and today has 5,000 people (7,000 in peak employment periods), 84 percent of Mexican origin. There is a continuing exodus of the anglo population from these enclave communities. Since the 1960s there has been little investment in infrastructure despite the rapid growth in population. A flight of local capital has led to an erosion of tax revenues. The poor tax base has resulted in a marked deterioration of public services, education, housing, water supply, trash collection, etc., to the point where these communities are beginning to present the typical aspects of urban slums...We are seeing the "rural slumization" of California.

It is easy to observe and study rural poverty, it is around us in the coastal areas, in the San Joaquin Valley and in Fresno. What we must do is make a very strong effort to come into closer contact with this situation, describing it and bringing awareness of it to the general public. Rural poverty is invisible to most Californians, to the general public, since the enclave communities are off the main fairways and highways, hidden from view.

We should continue to do broad statistical studies like the one done here. We need to enrich the data base to make this type of study much more effective. There is also an urgent need for research through direct contact with the enclave communities...ethnography of rural poverty in California. This type of urgently needed research would not be very difficult nor would it take a very long time to accomplish.

Discussion and Questions

Robin Marsh
(asked of Juan Palerm) Could you comment on the causality that you see for growing rural poverty in areas of high economic agricultural growth, particularly specialty crop areas?

Juan Vicente Palerm
The most prosperous agriculture in California is not rooted in mechanization, but in labor-intensive crops. Governor Deukmejian's projection of making California increase its export capability is based on the expansion of high value specialty crops that are labor-intensive. It is in these agricultural areas that we have an increased presence of farm workers and of rural poverty.

What is the causality here? Growers say that they are paying out very high wages... $5.50-6.00 per hour to harvest lettuce or cut broccoli. They say they are providing employment eight to ten months of the year. So we would expect to see a process of improvement in the standard of living of the people employed by these growers. This could be true in some cases. Generally, however, we have observed that the new job opportunities have attracted numerous additional workers from Mexico so that there are more workers offering their labor today than what is actually needed in these communities. This may be provoked, in part, by word of mouth as migrants returning home talk about farm job opportunities in California. The growers have also promoted the attraction of migrant workers into the area since they stand to gain from a never-ending supply of cheap labor.

Will Rochin
The statistics in the paper provide a contradiction to what Juan has said. The correlations show that poverty is higher in areas where agriculture is more land extensive, implying an agriculture based on row and field crops..wheat, cotton, etc.. On the other hand, poverty is lower where you have a labor-intensive type of agriculture. It could be a matter of poor data. Nevertheless, it is certainly still a question as to whether or not labor-intensive agriculture for export does create seedbeds of increased poverty. We will need to look at trends in wage rates and the ability of labor to organize and fight for benefits and better conditions in areas of excess labor demand. We do not have that analysis as yet.

Don Villarejo
I think that the data on farm size is so inadequate as to be useless. Take Fresno County, where the east and west sides are two different worlds, yet average county farm size is used. If you want to do it right you have to use a census tract basis to begin to examine the things that Professor Palerm was bringing up. We can use maps from the Water Resources Department that show on a field by field basis exactly what is being grown in a given year. It is possible to make a very precise determination.

Leo Estrada
That would present an interesting challenge to our researchers, to attempt some of the same kinds of analyses on a sub-county level to see whether you can begin to see some of that differentiation.

Comment from the audience
I am concerned about your recommendation for a better centralized data collection system. I was involved in attempts by the State Department of Social Services to put together a sensible MIS System to get data on legalized immigrants. It became clear to me that the Department was utterly incompetent in its ability to collect socio-demographic information, with cross-tabulations, etc. Given the inability of the State data collection people, it may be that the kind of ethnographic research suggested by Professor Palerm is the only way to go.

Doug Gwynn
I certainly agree with part of that. Basically, I have found that the State agencies have been very resistant to centralizing data bases. I suspect that is because each agency has its own "empire" carved out.

Assemblyman Tom Bates came out to U.C. Davis to visit with Rochin, myself and a couple of of others on this question and on the question of poverty. He pointed out that it is very difficult for legislators to find out what is happening to poverty funds, how many people are being served, just very basic information.

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Where then should this kind of centralized data base be placed? I would favor having a centralized data base that would be controlled by a community based organization, something like the California/Nevada Community Action Agency. I would rather have them in power.

A centralized data base is very important for community social service agencies in rural areas which tend to be badly understaffed and cannot compete with urban groups that have sophisticated ways of obtaining grants from all kinds of sources. Rural agencies depend almost entirely on federal and state governments for funding. I would like to see these rural groups gain more power by making use of a centralized data base that would be under their control.

Juan Vicente Palerm
Getting back to the issue brought up by Refugio (Will Rochin), I was surprised to find that in the paper Mendocino County was highlighted as one of the poorest counties in California. It is one of the least Hispanic counties as well. The situation in Mendocino has little to do with agriculture; it is basically a lumber area which has to do with the general economic recession and housebuilding. These lumber milling towns have been in a deep recession in the last eight years.

In agriculture, where you have the intensification of farming, a large proportion of the population, settled and migrant, has escaped or eluded census counting. We have a population that is not reflected in the basic data base that we are using, so that there is an underestimation of both the population and the extent of rural poverty. That helps to explain the contradiction that Will Rochin mentioned earlier.

Comment from the audience
Given the complexity of the rural poverty issue with all of the many factors that produce rural poverty, the statistical tools used in the paper, basically simple correlations, are too simplistic. You need to be using other economic tools that take into consideration the interrelationships of all of the causal factors involved.

David Runsten
(asked of Leo Estrada) What do you think about going farther down the road with these kinds of data sets to analyse rural poverty?

Leo Estrada
The authors of the paper mentioned early on the limitations of their data sources...Current Population Surveys and census data that is over eight years old. I sympathize with them because that is the same data that I must rely on for my own research. Unfortunately, we are set up in the United States so that we have only one count every ten years that provides the detailed data that we need, especially for rural areas. In between, we can use various State sources, all of which are heavily limited by who is reported, why and with what motivations behind it. It is clear that we need better information, but we also need to be very cautious about our reasons for gathering data.

It is very important to understand how poverty is defined. Irregardless of how we go about collecting data, if poverty is not defined in a meaningful and valid matter, we will not be able to deal with the magnitude of the issue.

It is a two-pronged question. Yes, we need more data. There is not much that we can do in rural areas until 1990, 1991, unfortunately, unless the state becomes motivated to fill in the gaps, which is unlikely in the near future. But it is more important to think about what poverty means, to define it meaningfully, to use the data, but to root our understanding in the kinds of issues brought up by Juan Palerm.

We need to wed the data that provides information on distributions and trends with the analysis of what all that means for a community, for households and local businesses. That is when we will really understand what poverty is. Meanwhile, since the data is so weak, we need to hold onto the kind of ethnographic work that Juan is involved in. With that we have something to go by.

A member of the audience
Angela Blackwell with the Urban Strategies Council in Oakland is gathering administrative data on all kinds of social services for the poor in Oakland. She's basically generating her own data as needed. Would that be possible for the study of rural poverty in California? How about generating our own data?

Leo Estrada
I think that would be wonderful, but there is the problem of the credibility of this data. Can you take it to the State and get them to change their financing decisions based on it? The answer in most cases is no, although there are exceptions. When we collect our own information it is assumed that it is biased and will not be accepted. However, when we use their data in our analyses, as Angela has done, that is the trick and can be very effective.

Juan Palerm
Most of my research has been done in Mexico where you cannot rely on the census data and where economists, sociologists and anthropologists must generate their own data bases. It would seem absurd to me that in a country as wealthy as the United States we would have to recur to Third World methodologies when we should be able to use the basic structure of government, state and federal, to get better data. I think that is where the effort should be.

Paul Barnett
One thing that is suggested by all of this is the need for criticism of the data sources that we must work with. We need comprehensive research on what is wrong with the census and population surveys, from poor definitions of basic concepts to methodological problems throughout. To hand out money on the basis of this information is really absurd.